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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 28th February, 2013.

BILL NO. 18 OF 2013

A Bill to give effect to the financial proposals of the Central Government for the financial year 2013-2014.

BE it enacted by Parliament in the Sixty-fourth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title and commencement.

1. *(1)* This Act may be called the Finance Act, 2013.

(2) Save as otherwise provided in this Act, sections 2 to 53 shall be deemed to have come into force on the 1st day of April, 2013.

CHAPTER II

RATES OF INCOME-TAX

Income-tax.

2. (*1*) Subject to the provisions of sub-sections (*2*) and (*3*), for the assessment year commencing on the 1st day of April, 2013, income-tax shall be charged at the rates specified in Part I of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in each case in the manner provided therein.

(*2*) In the cases to which Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding five thousand rupees, in addition to total income, and the total income exceeds two lakh rupees, then,—

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) [that is to say, as if the net agricultural income were comprised in the total income after the first two lakh rupees of the total income but without being liable to tax], only for the purpose of charging income-tax in respect of the total income; and

(*b*) the income-tax chargeable shall be calculated as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of two lakh rupees, and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income as so increased were the total income;

(*iii*) the amount of income-tax determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax in respect of the total income:

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (*II*) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh rupees", the words "two lakh fifty thousand rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (*III*) of Paragraph A of Part I of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh rupees", the words "five lakh rupees" had been substituted.

(*3*) In cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act, 1961 (hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (*1*) or the rates as specified in that Chapter or section, as the case may be: 43 of 1961.

Provided that the amount of income-tax computed in accordance with the provisions of section 111A or section 112 shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph E of Part I of the First Schedule:

Provided further that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 115BBE or 115JB of the Income-tax Act, the amount of income-tax computed under this sub-section shall be increased by a surcharge, for purposes of the Union, calculated,—

(*a*) in the case of a domestic company, at the rate of five per cent. of such income-tax where the total income exceeds one crore rupees;

(*b*) in the case of every company, other than a domestic company, at the rate of two per cent. of such income-tax where the total income exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees, the total amount payable as income-tax and surcharge on such income-tax shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

(*4*) In cases in which tax has to be charged and paid under section 115-O or section 115QA or sub-section (*2*) of section 115R or section 115TA of the Income-tax Act, the tax shall be charged and paid at the rates as specified in those sections and shall be increased by a surcharge, for purposes of the Union, calculated at the rate of ten per cent. of such tax.

(*5*) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, at the rates in force, the deductions shall be made at the rates specified in Part II of the First Schedule and shall be increased by a surcharge, for purposes of the Union, calculated in cases wherever prescribed, in the manner provided therein.

(*6*) In cases in which tax has to be deducted under sections 194C, 194E, 194EE, 194F, 194G, 194H, 194-I, 194-IA, 194J, 194LA, 194LB, 194LC, 196B, 196C and 196D of the Income-tax Act, the deductions shall be made at the rates specified in those sections and shall be increased by a surcharge, for purposes of the Union,—

(*a*) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, or co-operative society or firm, being a non-resident, calculated at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*b*) in the case of every company, other than a domestic company, calculated,—

(*i*) at the rate of two per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

(*7*) In cases in which tax has to be collected under the proviso to section 194B of the Income-tax Act, the collection shall be made at the rates specified in Part II of the First Schedule, and shall be increased by a surcharge, for purposes of the Union, calculated, in cases wherever prescribed, in the manner provided therein.

(*8*) In cases in which tax has to be collected under section 206C of the Income-tax Act, the collection shall be made at the rates specified in that section and shall be increased by a surcharge, for purposes of the Union,—

(*a*) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, or co-operative society or firm, being a non-resident, calculated at the rate of ten per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees;

(*b*) in the case of every company, other than a domestic company, calculated—

(*i*) at the rate of two per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such tax, where the amount or the aggregate of such amounts collected and subject to the collection exceeds ten crore rupees.

(*9*) Subject to the provisions of sub-section (*10*), in cases in which income-tax has to be charged under sub-section (*4*) of section 172 or sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the Income-tax Act or deducted from, or paid on, income chargeable under the head "Salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so charged, deducted or computed at the rate or rates specified in Part III of the First Schedule and such tax shall be increased by a surcharge, for purposes of the Union, calculated in such cases and in such manner as provided therein:

Provided that in cases to which the provisions of Chapter XII or Chapter XII-A or section 115JB or section 115JC or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that the amount of "advance tax" computed in accordance with the provisions of section 111A or section 112 of the Income-tax Act shall be increased by a surcharge, for purposes of the Union, as provided in Paragraph A, B, C, D or E of Part III of the First Schedule:

Provided also that in respect of any income chargeable to tax under sections 115A, 115AB, 115AC, 115ACA, 115AD, 115B, 115BB, 115BBA, 115BBC, 115BBD, 115BBE, 115E, 115JB and 115JC of the Income-tax Act, "advance tax" computed under the first proviso shall be increased by a surcharge, for purposes of the Union, calculated,—

(*a*) in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, or co-operative society or firm or local authority, calculated at the rate of ten per cent. of such "advance tax", where the total income exceeds one crore rupees;

(*b*) in the case of every domestic company, calculated—

(*i*) at the rate of five per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of ten per cent. of such "advance tax", where the total income exceeds ten crore rupees;

(*c*) in the case of every company, other than a domestic company, calculated—

(*i*) at the rate of two per cent. of such "advance tax", where the total income exceeds one crore rupees but does not exceed ten crore rupees;

(*ii*) at the rate of five per cent. of such "advance tax", where the total income exceeds ten crore rupees:

Provided also that in the case of persons mentioned in (*a*) above, having total income chargeable to tax under section 115JC of the Income-tax Act and such income exceeds one crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds one crore rupees but does not exceed ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided also that in the case of every company having total income chargeable to tax under section 115JB of the Income-tax Act, and such income exceeds ten crore rupees, the total amount payable as "advance tax" on such income and surcharge thereon, shall not exceed the total amount payable as "advance tax" and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

(*10*) In cases to which Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding five thousand rupees, in addition to total income and the total income exceeds two lakh rupees, then, in charging income-tax under sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the said Act or in computing the "advance tax" payable under Chapter XVII-C of the said Act, at the rate or rates in force,—

(*a*) the net agricultural income shall be taken into account, in the manner provided in clause (*b*) [that is to say, as if the net agricultural income were comprised in the total income after the first two lakh rupees of the total income but without being liable to tax], only for the purpose of charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(*b*) such income-tax or, as the case may be, "advance tax" shall be so charged or computed as follows:—

(*i*) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in the said Paragraph A, as if such aggregate income were the total income;

(*ii*) the net agricultural income shall be increased by a sum of two lakh rupees, and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Paragraph A, as if the net agricultural income were the total income;

(*iii*) the amount of income-tax or "advance tax" determined in accordance with sub-clause (*i*) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (*ii*) and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income:

Provided that in the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year, referred to in item (*II*) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh rupees", the words "two lakh fifty thousand rupees" had been substituted:

Provided further that in the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year, referred to in item (*III*) of Paragraph A of Part III of the First Schedule, the provisions of this sub-section shall have effect as if for the words "two lakh rupees", the words "five lakh rupees" had been substituted:

Provided also that the amount of income-tax or "advance tax" so arrived at, shall be increased by a surcharge for purposes of the Union calculated in each case, in the manner provided therein.

(*11*) The amount of income-tax as specified in sub-sections (*1*) to (*10*) and as increased by the applicable surcharge, for purposes of the Union, calculated in the manner provided therein, shall be further increased by an additional surcharge, for purposes of the Union, to be called the "Education Cess on income-tax", calculated at the rate of two per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance universalised quality basic education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (*5*), (*6*), (*7*) and (*8*), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(*12*) The amount of income-tax as specified in sub-sections (*1*) to (*10*) and as increased by the applicable surcharge, for purposes of the Union, calculated in the manner provided therein, shall also be increased by an additional surcharge, for purposes of the Union, to be called the "Secondary and Higher Education Cess on income-tax", calculated at the rate of one per cent. of such income-tax and surcharge so as to fulfil the commitment of the Government to provide and finance secondary and higher education:

Provided that nothing contained in this sub-section shall apply to cases in which tax is to be deducted or collected under the sections of the Income-tax Act mentioned in sub-sections (*5*), (*6*), (*7*) and (*8*), if the income subjected to deduction of tax at source or collection of tax at source is paid to a domestic company and any other person who is resident in India.

(*13*) For the purposes of this section and the First Schedule,—

(*a*) "domestic company" means an Indian company or any other company which, in respect of its income liable to income-tax under the Income-tax Act, for the assessment year commencing on the 1st day of April, 2013, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income;

(*b*) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(*c*) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(*d*) all other words and expressions used in this section and the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings, respectively, assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 2.

3. In section 2 of the Income-tax Act, with effect from the 1st day of April, 2014,—

(*a*) in clause (*1A*),—

(*I*) in sub-clause (*c*), in the proviso, in clause (*ii*),—

(*i*) in item (*A*), the words "according to the last preceding census of which the relevant figures have been published before the first day of the previous year" shall be omitted;

(*ii*) for item (*B*), the following item shall be substituted, namely:—

"(*B*) in any area within the distance, measured aerially,—

(*I*) not being more than two kilometres, from the local limits of any municipality or cantonment board referred to in item (*A*) and which has a population of more than ten thousand but not exceeding one lakh; or

(*II*) not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in item (*A*) and which has a population of more than one lakh but not exceeding ten lakh; or

(*III*) not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in item (*A*) and which has a population of more than ten lakh.";

(*2*) after Explanation 3, the following Explanation shall be inserted, namely:—

'*Explanation* 4.—For the purposes of clause (*ii*) of the proviso to sub-clause (*c*), "population" means the population according to the last preceding census of which the relevant figures have been published before the first day of the previous year;';

(*b*) in clause (*14*), in sub-clause (*iii*),—

(*i*) in item (*a*), the words "according to the last preceding census of which the relevant figures have been published before the first day of the previous year" shall be omitted;

(*ii*) for item (*b*), the following shall be substituted, namely:—

'(*b*) in any area within the distance, measured aerially,—

(*I*) not being more than two kilometres, from the local limits of any municipality or cantonment board referred to in item (*a*) and which has a population of more than ten thousand but not exceeding one lakh; or

(*II*) not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in item (*a*) and which has a population of more than one lakh but not exceeding ten lakh; or

(*III*) not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in item (*a*) and which has a population of more than ten lakh.

Explanation.—For the purposes of this sub-clause, "population" means the population according to the last preceding census of which the relevant figures have been published before the first day of the previous year;'.

Amendment of section 10.

4. In section 10 of the Income-tax Act,—

(*I*) in clause (*10D*), with effect from the 1st day of April, 2014,—

(*i*) in sub-clause (*d*), after the second proviso, the following proviso shall be inserted, namely:—

'Provided also that where the policy, issued on or after the 1st day of April, 2013, is for insurance on life of any person, who is—

(*i*) a person with disability or a person with severe disability as referred to in section 80U; or

(*ii*) suffering from disease or ailment as specified in the rules made under section 80DDB,

the provisions of this sub-clause shall have effect as if for the words "ten per cent.", the words "fifteen per cent." had been substituted.';

(*ii*) in *Explanation* 1, after the words "business of the first-mentioned person" occurring at the end, the words "and includes such policy which has been assigned to a person, at any time during the term of the policy, with or without any consideration" shall be inserted;

(*II*) after clause (*23D*), the following clause shall be inserted with effect from the 1st day of April, 2014, namely:—

'(*23DA*) any income of a securitisation trust from the activity of securitisation.

Explanation.—For the purposes of this clause,—

(*a*) "securitisation" shall have the same meaning as assigned to it,—

(*i*) in clause (*r*) of sub-regulation (*1*) of regulation 2 of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 made under the Securities and Exchange Board of India Act, 1992 and the Securities Contracts (Regulation) Act, 1956; or 15 of 1992. 42 of 1956.

(*ii*) under the guidelines on securitisation of standard assets issued by the Reserve Bank of India;

(*b*) "securitisation trust" shall have the meaning assigned to it in the *Explanation* below section 115TC;';

(*III*) after clause (*23EC*), the following clause shall be inserted with effect from the 1st day of April, 2014, namely:—

'(*23ED*) any income, by way of contributions received from a depository, of such Investor Protection Fund set up in accordance with the regulations by a depository as the Central Government may, by notification in the Official Gazette, specify in this behalf:

Provided that where any amount standing to the credit of the Fund and not charged to income-tax during any previous year is shared, either wholly or in part with a depository, the whole of the amount so shared shall be deemed to be the income of the previous year in which such amount is so shared and shall, accordingly, be chargeable to income-tax.

Explanation.—For the purposes of this clause,—

(*i*) "depository" shall have the same meaning as assigned to it in clause (*e*) of sub-section (*1*) of section 2 of the Depositories Act, 1996; 22 of 1996.

(*ii*) "regulations" means the regulations made under the Securities and Exchange Board of India Act, 1992 and the Depositories Act, 1996;'; 15 of 1992. 22 of 1996.

(*IV*) in clause (*23FB*), for *Explanation* 1, the following *Explanation* shall be substituted, namely:—

'*Explanation.*—For the purposes of this clause,—

(*a*) "venture capital company" means a company which—

(*A*) has been granted a certificate of registration, before the 21st day of May, 2012, as a Venture Capital Fund and is regulated under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (hereinafter referred to as the Venture Capital Funds Regulations) made under the Securities and Exchange Board of India Act, 1992; or 15 of 1992.

(*B*) has been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund and is regulated under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (hereinafter referred to as the Alternative Investment Funds Regulations) made under the Securities and Exchange Board of India Act, 1992, and which fulfils the following conditions, namely:— 15 of 1992.

(*i*) it is not listed on a recognised stock exchange;

(*ii*) it has invested not less than two-thirds of its investible funds in unlisted equity shares or equity linked instruments of venture capital undertaking; and

(*iii*) it has not invested in any venture capital undertaking in which its director or a substantial shareholder (being a beneficial owner of equity shares exceeding ten per cent. of its equity share capital) holds, either individually or collectively, equity shares in excess of fifteen per cent. of the paid-up equity share capital of such venture capital undertaking;

(*b*) "venture capital fund" means a fund—

(*A*) operating under a trust deed registered under the provisions of the Registration Act, 1908, which— 16 of 1908.

(*I*) has been granted a certificate of registration, before the 21st day of May, 2012, as a Venture Capital Fund and is regulated under the Venture Capital Funds Regulations; or

(*II*) has been granted a certificate of registration as Venture Capital Fund as a sub-category of Category I Alternative Investment Fund under the Alternative Investment Funds Regulations and which fulfils the following conditions, namely:—

(*i*) it has invested not less than two-thirds of its investible funds in unlisted equity shares or equity linked instruments of venture capital undertaking;

(*ii*) it has not invested in any venture capital undertaking in which its trustee or the settler holds, either individually or collectively, equity shares in excess of fifteen per cent. of the paid-up equity share capital of such venture capital undertaking; and

(*iii*) the units, if any, issued by it are not listed in any recognised stock exchange; or

(*B*) operating as a venture capital scheme made by the Unit Trust of India established under the Unit Trust of India Act, 1963; 52 of 1963.

(*c*) "venture capital undertaking" means—

(*i*) a venture capital undertaking as defined in clause (*n*) of regulation 2 of the Venture Capital Funds Regulations; or

(*ii*) a venture capital undertaking as defined in clause (*aa*) of sub-regulation (*1*) of regulation 2 of the Alternative Investment Funds Regulations;';

(*V*) after clause (*34*), the following clause shall be inserted with effect from the 1st day of April, 2014, namely:—

"(*34A*) any income arising to an assessee, being a shareholder, on account of buy back of shares (not being listed on a recognised stock exchange) by the company as referred to in section 115QA;";

(*VI*) after clause (*35*), the following clause shall be inserted with effect from the 1st day of April, 2014, namely:—

'(*35A*) any income by way of distributed income referred to in section 115TA received from a securitisation trust by any person being an investor of the said trust.

Explanation.—For the purposes of this clause, the expressions "investor" and "securitisation trust" shall have the meanings respectively assigned to them in the *Explanation* below section 115TC;';

(*VII*) after clause (*48*), the following clause shall be inserted, namely:—

"(*49*) any income of the National Financial Holdings Company Limited, being a company set up by the Central Government, of any previous year relevant to any assessment year commencing on or before the 1st day of April, 2014.".

Insertion of new section 32AC.

5. After section 32AB of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2014, namely:—

Investment in new plant or machinery.

'32AC. (*1*) Where an assessee, being a company, engaged in the business of manufacture or production of any article or thing, acquires and installs new asset after the 31st day of March, 2013 but before the 1st day of April, 2015 and the aggregate amount of actual cost of such new assets exceeds one hundred crore rupees, then, there shall be allowed a deduction,—

(*a*) for the assessment year commencing on the 1st day of April, 2014, of a sum equal to fifteen per cent. of the actual cost of new assets acquired and installed after the 31st day of March, 2013 but before the 1st day of April, 2014, if the aggregate amount of actual cost of such new assets exceeds one hundred crore rupees; and

(*b*) for the assessment year commencing on the 1st day of April, 2015, of a sum equal to fifteen per cent. of the actual cost of new assets acquired and

installed after the 31st day of March, 2013 but before the 1st day of April, 2015, as reduced by the amount of deduction allowed, if any, under clause (*a*).

(*2*) If any new asset acquired and installed by the assessee is sold or otherwise transferred, except in connection with the amalgamation or demerger, within a period of five years from the date of its installation, the amount of deduction allowed under sub-section (*1*) in respect of such new asset shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which such new asset is sold or otherwise transferred, in addition to taxability of gains, arising on account of transfer of such new asset.

(*3*) Where the new asset is sold or otherwise transferred in connection with the amalgamation or demerger within a period of five years from the date of its installation, the provisions of sub-section (*2*) shall apply to the amalgamated company or the resulting company, as the case may be, as they would have applied to the amalgamating company or the demerged company.

(*4*) For the purposes of this section, "new asset" means any new plant or machinery (other than ship or aircraft) but does not include—

(*i*) any plant or machinery which before its installation by the assessee was used either within or outside India by any other person;

(*ii*) any plant or machinery installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house;

(*iii*) any office appliances including computers or computer software;

(*iv*) any vehicle; or

(*v*) any plant or machinery, the whole of the actual cost of which is allowed as deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profits and gains of business or profession" of any previous year.'.

Amendment of section 36.

6. In section 36 of the Income-tax Act, in sub-section (*1*), with effect from the 1st day of April, 2014,—

(*a*) in clause (*vii*), the Explanation shall be numbered as Explanation 1 thereof and after Explanation 1 as so numbered, the following Explanation shall be inserted, namely:—

"*Explanation* 2.—For the removal of doubts, it is hereby clarified that for the purposes of the proviso to clause (*vii*) of this sub-section and clause (*v*) of sub-section (*2*), the account referred to therein shall be only one account in respect of provision for bad and doubtful debts under clause (*viia*) and such account shall relate to all types of advances, including advances made by rural branches;";

(*b*) after clause (*xv*), the following clause shall be inserted, namely:—

'(*xvi*) an amount equal to the commodities transaction tax paid by the assessee in respect of the taxable commodities transactions entered into in the course of his business during the previous year, if the income arising from such taxable commodities transactions is included in the income computed under the head "Profits and gains of business or profession".

Explanation.—For the purposes of this clause, the expressions "commodities transaction tax"and "taxable commodities transaction" shall have the meanings respectively assigned to them under Chapter VII of the Finance Act, 2013.'.

Amendment of section 40.

7. In section 40 of the Income-tax Act, in clause (*a*), after sub-clause (*iia*), the following sub-clause shall be inserted with effect from the 1st day of April, 2014, namely:—

"(*iib*) any amount—

(*A*) paid by way of royalty, licence fee, service fee, privilege fee, service charge or any other fee or charge, by whatever name called, which is levied exclusively on; or

(*B*) which is appropriated, directly or indirectly, from,

a State Government undertaking by the State Government.

Explanation.—For the purposes of this sub-clause, a State Government undertaking includes—

(*i*) a corporation established by or under any Act of the State Government;

(*ii*) a company in which more than fifty per cent. of the paid-up equity share capital is held by the State Government;

(*iii*) a company in which more than fifty per cent. of the paid-up equity share capital is held by the entity referred to in clause (*i*) or clause (*ii*) (whether singly or taken together);

(*iv*) a company or corporation in which the State Government has the right to appoint the majority of the directors or to control the management or policy decisions, directly or indirectly, including by virtue of its shareholding or management rights or shareholders agreements or voting agreements or in any other manner;

(*v*) an authority, a board or an institution or a body established or constituted by or under any Act of the State Government or owned or controlled by the State Government;".

Insertion of new section 43CA.

8. After section 43C of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2014, namely:—

Special provision for full value of consideration for transfer of assets other than capital assets in certain cases.

"43CA. (*1*) Where the consideration received or accruing as a result of the transfer by an assessee of an asset (other than a capital asset), being land or building or both, is less than the value adopted provision for or assessed or assessable by any authority of a State Government for the purpose of payment of stamp duty in respect of such transfer, the value so adopted or assessed or assessable shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration received or accruing as a result of such transfer.

(*2*) The provisions of sub-section (*2*) and sub-section (*3*) of section 50C shall, so far as may be, apply in relation to determination of the value adopted or assessed or assessable under sub-section (*1*).

(*3*) Where the date of agreement fixing the value of consideration for transfer of the asset and the date of registration of such transfer of asset are not the same, the value referred to in sub-section (*1*) may be taken as the value assessable by any authority of a State Government for the purpose of payment of stamp duty in respect of such transfer on the date of the agreement.

(*4*) The provisions of sub-section (*3*) shall apply only in a case where the amount of consideration or a part thereof has been received by any mode other than cash on or before the date of agreement for transfer of the asset.".

9. In section 56 of the Income-tax Act, in sub-section (*2*),— Amendment of section 56.

(*I*) in clause (*vii*), for sub-clause (*b*), the following sub-clause shall be substituted with effect from the 1st day of April, 2014, namely:—

"(*b*) any immovable property,—

(*i*) without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property;

(*ii*) for a consideration which is less than the stamp duty value of the property by an amount exceeding fifty thousand rupees, the stamp duty value of such property as exceeds such consideration:

Provided that where the date of the agreement fixing the amount of consideration for the transfer of immovable property and the date of registration are not the same, the stamp duty value on the date of the agreement may be taken for the purposes of this sub-clause:

Provided further that the said proviso shall apply only in a case where the amount of consideration referred to therein, or a part thereof, has been paid by any mode other than cash on or before the date of the agreement for the transfer of such immovable property;";

(*II*) in clause (*viib*), in the Explanation, in clause (*b*), for the word and figure "Explanation 1", the word "Explanation" shall be substituted.

10. In section 80C of the Income-tax Act, in sub-section (*3A*), before the Explanation, the following proviso shall be inserted with effect from the 1st day of April, 2014, namely:— Amendment of section 80C.

'Provided that where the policy, issued on or after the 1st day of April, 2013, is for insurance on life of any person, who is—

(*a*) a person with disability or a person with severe disability as referred to in section 80U, or

(*b*) suffering from disease or ailment as specified in the rules made under section 80DDB,

the provisions of this sub-section shall have effect as if for the words "ten per cent.", the words "fifteen per cent." had been substituted.'.

11. In section 80CCG of the Income-tax Act, with effect from the 1st day of April, 2014,— Amendment of section 80CCG.

(*a*) in sub-section (*1*),—

(*i*) after the words "acquired listed equity shares", the words "or listed units of an equity oriented fund" shall be inserted;

(*ii*) after the words "in such equity shares", the words "or units" shall be inserted;

(*b*) for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) The deduction under sub-section (*1*) shall be allowed in accordance with, and subject to, the provisions of this section for three consecutive assessment years, beginning with the assessment year relevant to the previous year in which the listed equity shares or listed units of equity oriented fund were first acquired.";

(*c*) in sub-section (*3*),—

(*A*) in clause (*i*), for the words "ten lakh rupees", the words "twelve lakh rupees" shall be substituted;

(*B*) in clause (iii), after the words "listed equity shares", the words "or listed units of equity oriented fund" shall be inserted;

(*d*) after sub-section (*4*), the following Explanation shall be inserted, namely:—

'*Explanation.*—For the purposes of this section, "equity oriented fund" shall have the meaning assigned to it in the Explanation to clause (*38*) of section 10.'.

Amendment of section 80D.

12. In section 80D of the Income-tax Act, in sub-section (2), in clause (a), after the words "Central Government Health Scheme", the words "or such other scheme as may be notified by the Central Government in this behalf" shall be inserted with effect from the 1st day of April, 2014.

Insertion of new section 80EE.

13. After section 80E of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2014, namely:—

Deduction in respect of interest on loan taken for residential house property.

'80EE. (*1*) In computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential house property.

(*2*) The deduction under sub-section (*1*) shall not exceed one lakh rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on the 1st day of April, 2014 and in a case where the interest payable for the previous year relevant to the said assessment year is less than one lakh rupees, the balance amount shall be allowed in the assessment year beginning on the 1st day of April, 2015.

(*3*) The deduction under sub-section (*1*) shall be subject to the following conditions, namely:—

(*i*) the loan has been sanctioned by the financial institution during the period beginning on the 1st day of April, 2013 and ending on the 31st day of March, 2014;

(*ii*) the amount of loan sanctioned for acquisition of the residential house property does not exceed twenty-five lakh rupees;

(*iii*) the value of the residential house property does not exceed forty lakh rupees;

(*iv*) the assessee does not own any residential house property on the date of sanction of the loan.

(*4*) Where a deduction under this section is allowed for any interest referred to in sub-section (*1*), deduction shall not be allowed in respect of such interest under any other provisions of the Act for the same or any other assessment year.

(*5*) For the purposes of this section,—

(*a*) "financial institution" means a banking company to which the Banking Regulation Act, 1949 applies including any bank or banking institution referred to in section 51 of that Act or a housing finance company; 10 of 1949.

(*b*) "housing finance company" means a public company formed or registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes.'.

Amendment of section 80G.

14. In section 80G of the Income-tax Act, in sub-section (*1*), in clause (*i*), after the words, brackets, figures and letters "or in sub-clause (*iiiab*)", the words, brackets, figures and letter "or in sub-clause (*iiib*)" shall be inserted with effect from the 1st day of April, 2014.

15. In section 80GGB of the Income-tax Act, before the Explanation, the following proviso shall be inserted with effect from the 1st day of April, 2014, namely:— Amendment of section 80GGB.

"Provided that no deduction shall be allowed under this section in respect of any sum contributed by way of cash.".

16. In section 80GGC of the Income-tax Act, before the Explanation, the following proviso shall be inserted with effect from the 1st day of April, 2014, namely:— Amendment of section 80GGC.

"Provided that no deduction shall be allowed under this section in respect of any sum contributed by way of cash.".

17. In section 80-IA of the Income-tax Act, in sub-section (*4*), in clause (*iv*), for the words, figures and letters "the 31st day of March, 2013", wherever they occur, the words, figures and letters "the 31st day of March, 2014" shall respectively be substituted with effect from the 1st day of April, 2014. Amendment of section 80-IA.

18. In section 80JJAA of the Income-tax Act, with effect from the 1st day of April, 2014,— Amendment of section 80JJAA.

(*i*) for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) Where the gross total income of an assessee, being an Indian company, includes any profits and gains derived from the manufacture of goods in a factory, there shall, subject to the conditions specified in sub-section (*2*), be allowed a deduction of an amount equal to thirty per cent. of additional wages paid to the new regular workmen employed by the assessee in such factory, in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.";

(*ii*) in sub-section (*2*), for clause (*a*), the following clause shall be substituted, namely:—

"(*a*) if the factory is hived off or transferred from another existing entity or acquired by the assessee company as a result of amalgamation with another company;";

(*iii*) in the Explanation,—

(*a*) in clause (*i*), in the proviso, for the word "undertaking" at both the places where it occurs, the word "factory" shall be substituted;

(*iv*) after clause (*iii*), the following clause shall be inserted, namely:—

'(*iv*) "factory" shall have the same meaning as assigned to it in clause (*m*) of section 2 of the Factories Act, 1948.'.

63 of 1948.

19. In section 87 of the Income-tax Act, with effect from the 1st day of April, 2014,— Amendment of section 87.

(*i*) in sub-section (*1*), for the word and figures "sections 88", the word, figures and letter "sections 87A, 88" shall be substituted;

(*ii*) in sub-section (*2*), for the word and figures "section 88", the words, figures and letter "section 87A or section 88" shall be substituted.

20. After section 87 of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2014, namely:— Insertion of new section 87A.

"87A. An assessee, being an individual resident in India, whose total income does not exceed five hundred thousand rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under this Chapter) on his total income with which he is chargeable for any assessment year, of an amount equal to hundred per cent. of such income-tax or an amount of two thousand rupees, whichever is less.". Rebate of income-tax in case of certain individuals.

Amendment of section 90.

21. In section 90 of the Income-tax Act,—

(*a*) sub-section (*2A*) shall be omitted;

(*b*) after sub-section (*2*), the following sub-section shall be inserted with effect from the 1st day of April, 2016, namely:—

"(*2A*) Notwithstanding anything contained in sub-section (*2*), the provisions of Chapter X-A of the Act shall apply to the assessee even if such provisions are not beneficial to him.";

(*c*) after sub-section (*4*) and before *Explanation* 1, the following sub-section shall be inserted, namely:—

"(*5*) The certificate of being a resident in a country outside India or specified territory outside India, as the case may be, referred to in sub-section (*4*), shall be necessary but not a sufficient condition for claiming any relief under the agreement referred to therein.".

Amendment of section 90A.

22. In section 90A of the Income-tax Act,—

(*a*) sub-section (*2A*) shall be omitted;

(*b*) after sub-section (*2*), the following sub-section shall be inserted with effect from the 1st day of April, 2016, namely:—

"(*2A*) Notwithstanding anything contained in sub-section (*2*), the provisions of Chapter X-A of the Act shall apply to the assessee even if such provisions are not beneficial to him.";

(*c*) after sub-section (*4*) and before *Explanation* 1, the following sub-section shall be inserted, namely:—

"(*5*) The certificate of being a resident in a specified territory outside India referred to in sub-section (*4*), shall be necessary but not a sufficient condition for claiming any relief under the agreement referred to therein.".

Omission of Chapter X-A relating to General Anti-Avoidance Rule.

23. Chapter X-A of the Income-tax Act (as inserted by section 41 of the Finance Act, 2012) relating to General Anti-Avoidance Rule shall be omitted with effect from the 1st day of April, 2014.

Insertion of new Chapter X-A.

24. After Chapter X of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of April, 2016, namely:—

'CHAPTER X-A

GENERAL ANTI-AVOIDANCE RULE

Applicability of General Anti-Avoidance Rule.

95. Notwithstanding anything contained in the Act, an arrangement entered into by an assessee may be declared to be an impermissible avoidance arrangement and the consequence in relation to tax arising therefrom may be determined subject to the provisions of this Chapter.

Explanation.—For the removal of doubts, it is hereby declared that the provisions of this Chapter may be applied to any step in, or a part of, the arrangement as they are applicable to the arrangement.

Impermissible avoidance arrangement.

96. (*1*) An impermissible avoidance arrangement means an arrangement, the main purpose of which is to obtain a tax benefit, and it—

(*a*) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length;

(*b*) results, directly or indirectly, in the misuse, or abuse, of the provisions of this Act;

(*c*) lacks commercial substance or is deemed to lack commercial substance under section 97, in whole or in part; or

(*d*) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

(*2*) An arrangement shall be presumed, unless it is proved to the contrary by the assessee, to have been entered into, or carried out, for the main purpose of obtaining a tax benefit, if the main purpose of a step in, or a part of, the arrangement is to obtain a tax benefit, notwithstanding the fact that the main purpose of the whole arrangement is not to obtain a tax benefit.

Arrangement to lack commercial substance.

97. (*1*) An arrangement shall be deemed to lack commercial substance, if—

(*a*) the substance or effect of the arrangement as a whole, is inconsistent with, or differs significantly from, the form of its individual steps or a part; or

(*b*) it involves or includes—

(*i*) round trip financing;

(*ii*) an accommodating party;

(*iii*) elements that have effect of offsetting or cancelling each other; or

(*iv*) a transaction which is conducted through one or more persons and disguises the value, location, source, ownership or control of funds which is the subject matter of such transaction; or

(*c*) it involves the location of an asset or of a transaction or of the place of residence of any party which is without any substantial commercial purpose other than obtaining a tax benefit (but for the provisions of this Chapter) for a party; or

(*d*) it does not have a significant effect upon the business risks or net cash flows of any party to the arrangement apart from any effect attributable to the tax benefit that would be obtained (but for the provisions of this Chapter).

(*2*) For the purposes of sub-section (*1*), round trip financing includes any arrangement in which, through a series of transactions—

(*a*) funds are transferred among the parties to the arrangement; and

(*b*) such transactions do not have any substantial commercial purpose other than obtaining the tax benefit (but for the provisions of this Chapter),

without having any regard to—

(*A*) whether or not the funds involved in the round trip financing can be traced to any funds transferred to, or received by, any party in connection with the arrangement;

(*B*) the time, or sequence, in which the funds involved in the round trip financing are transferred or received; or

(*C*) the means by, or manner in, or mode through, which funds involved in the round trip financing are transferred or received.

(*3*) For the purposes of this Chapter, a party to an arrangement shall be an accommodating party, if the main purpose of the direct or indirect participation of that party in the arrangement, in whole or in part, is to obtain, directly or indirectly,

a tax benefit (but for the provisions of this Chapter) for the assessee whether or not the party is a connected person in relation to any party to the arrangement.

(*4*) For the removal of doubts, it is hereby clarified that the following may be relevant but shall not be sufficient for determining whether an arrangement lacks commercial substance or not, namely:—

(*i*) the period or time for which the arrangement (including operations therein) exists;

(*ii*) the fact of payment of taxes, directly or indirectly, under the arrangement;

(*iii*) the fact that an exit route (including transfer of any activity or business or operations) is provided by the arrangement.

Consequences of impermissible avoidance arrangement.

98. (*1*) If an arrangement is declared to be an impermissible avoidance arrangement, then, the consequences, in relation to tax, of the arrangement, including denial of tax benefit or a benefit under a tax treaty, shall be determined, in such manner as is deemed appropriate, in the circumstances of the case, including by way of but not limited to the following, namely:—

(*a*) disregarding, combining or recharacterising any step in, or a part or whole of, the impermissible avoidance arrangement;

(*b*) treating the impermissible avoidance arrangement as if it had not been entered into or carried out;

(*c*) disregarding any accommodating party or treating any accommodating party and any other party as one and the same person;

(*d*) deeming persons who are connected persons in relation to each other to be one and the same person for the purposes of determining tax treatment of any amount;

(*e*) reallocating amongst the parties to the arrangement—

(*i*) any accrual, or receipt, of a capital nature or revenue nature; or

(*ii*) any expenditure, deduction, relief or rebate;

(*f*) treating—

(*i*) the place of residence of any party to the arrangement; or

(*ii*) the situs of an asset or of a transaction,

at a place other than the place of residence, location of the asset or location of the transaction as provided under the arrangement; or

(*g*) considering or looking through any arrangement by disregarding any corporate structure.

(*2*) For the purposes of sub-section (*1*),—

(*i*) any equity may be treated as debt or *vice versa*;

(*ii*) any accrual, or receipt, of a capital nature may be treated as of revenue nature or *vice versa*; or

(*iii*) any expenditure, deduction, relief or rebate may be recharacterised.

Treatment of connected person and accommodating party.

99. For the purposes of this Chapter, in determining whether a tax benefit exists,—

(*i*) the parties who are connected persons in relation to each other may be treated as one and the same person;

(*ii*) any accommodating party may be disregarded;

(*iii*) the accommodating party and any other party may be treated as one and the same person;

(*iv*) the arrangement may be considered or looked through by disregarding any corporate structure.

Application of this Chapter.

100. The provisions of this Chapter shall apply in addition to, or in lieu of, any other basis for determination of tax liability.

Framing of guidelines.

101. The provisions of this Chapter shall be applied in accordance with such guidelines and subject to such conditions, as may be prescribed.

Definitions.

102. In this Chapter, unless the context otherwise requires,—

(*1*) "arrangement" means any step in, or a part or whole of, any transaction, operation, scheme, agreement or understanding, whether enforceable or not, and includes the alienation of any property in such transaction, operation, scheme, agreement or understanding;

(*2*) "asset" includes property, or right, of any kind;

(*3*) "benefit" includes a payment of any kind whether in tangible or intangible form;

(*4*) "connected person" means any person who is connected directly or indirectly to another person and includes,—

(*a*) any relative of the person, if such person is an individual;

(*b*) any director of the company or any relative of such director, if the person is a company;

(*c*) any partner or member of a firm or association of persons or body of individuals or any relative of such partner or member, if the person is a firm or association of persons or body of individuals;

(*d*) any member of the Hindu undivided family or any relative of such member, if the person is a Hindu undivided family;

(*e*) any individual who has a substantial interest in the business of the person or any relative of such individual;

(*f*) a company, firm or an association of persons or a body of individuals, whether incorporated or not, or a Hindu undivided family having a substantial interest in the business of the person or any director, partner, or member of the company, firm or association of persons or body of individuals or family, or any relative of such director, partner or member;

(*g*) a company, firm or association of persons or body of individuals, whether incorporated or not, or a Hindu undivided family, whose director, partner, or member has a substantial interest in the business of the person, or family or any relative of such director, partner or member;

(*h*) any other person who carries on a business, if—

(*i*) the person being an individual, or any relative of such person, has a substantial interest in the business of that other person; or

(*ii*) the person being a company, firm, association of persons, body of individuals, whether incorporated or not, or a Hindu undivided family, or any director, partner or member of such company, firm or association of persons or body of individuals or family, or any relative of such director, partner or member, has a substantial interest in the business of that other person;

(*5*) "fund" includes—

(*a*) any cash;

(*b*) cash equivalents; and

(*c*) any right, or obligation, to receive or pay, the cash or cash equivalent;

(*6*) "party" includes a person or a permanent establishment which participates or takes part in an arrangement;

(*7*) "relative" shall have the meaning assigned to it in the *Explanation* to clause (*vi*) of sub-section (*2*) of section 56;

(*8*) a person shall be deemed to have a substantial interest in the business, if,—

(*a*) in a case where the business is carried on by a company, such person is, at any time during the financial year, the beneficial owner of equity shares carrying twenty per cent. or more, of the voting power; or

(*b*) in any other case, such person is, at any time during the financial year, beneficially entitled to twenty per cent. or more, of the profits of such business;

(*9*) "step" includes a measure or an action, particularly one of a series taken in order to deal with or achieve a particular thing or object in the arrangement;

(*10*) "tax benefit" includes,—

(*a*) a reduction or avoidance or deferral of tax or other amount payable under this Act; or

(*b*) an increase in a refund of tax or other amount under this Act; or

(*c*) a reduction or avoidance or deferral of tax or other amount that would be payable under this Act, as a result of a tax treaty; or

(*d*) an increase in a refund of tax or other amount under this Act as a result of a tax treaty; or

(*e*) a reduction in total income; or

(*f*) an increase in loss,

in the relevant previous year or any other previous year;

(*11*) "tax treaty" means an agreement referred to in sub-section (*1*) of section 90 or sub-section (*1*) of section 90A.'.

Amendment of section 115A.

25. In section 115A of the Income-tax Act, in sub-section (*1*), in clause (*b*), for sub-clauses (*A*), (*AA*), (*B*) and (*BB*), the following sub-clauses shall be substituted with effect from the 1st day of April, 2014, namely:—

"(*A*) the amount of income-tax calculated on the income by way of royalty, if any, included in the total income, at the rate of twenty-five per cent.;

(*B*) the amount of income-tax calculated on the income by way of fees for technical services, if any, included in the total income, at the rate of twenty-five per cent.; and".

Amendment of section 115BBD.

26. In section 115BBD of the Income-tax Act, in sub-section (*1*), after the words, figures and letters "the 1st day of April, 2013", the words, figures and letters "or beginning on the 1st day of April, 2014" shall be inserted with effect from the 1st day of April, 2014.

Amendment of section 115-O.

27. In section 115-O of the Income-tax Act, in sub-section (*1A*), for clause (*i*), the following clause shall be substituted with effect from the 1st day of June, 2013, namely:—

"(*i*) the amount of dividend, if any, received by the domestic company during the financial year, if such dividend is received from its subsidiary and,—

(*a*) where such subsidiary is a domestic company, the subsidiary has paid the tax which is payable under this section on such dividend; or

(*b*) where such subsidiary is a foreign company, the tax is payable by the domestic company under section 115BBD on such dividend:

Provided that the same amount of dividend shall not be taken into account for reduction more than once;".

Insertion of new Chapter XII-DA.

28. After Chapter XII-D of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of June, 2013, namely:—

'CHAPTER XII-DA

SPECIAL PROVISIONS RELATING TO TAX ON DISTRIBUTED INCOME OF DOMESTIC COMPANY FOR BUY-BACK OF SHARES

Tax on distributed income to shareholders.

115QA. (*1*) Notwithstanding anything contained in any other provision of this Act, in addition to the income-tax chargeable in respect of the total income of a domestic company for any assessment year, any amount of distributed income by the company on buy-back of shares (not being shares listed on a recognised stock exchange) from a shareholder shall be charged to tax and such company shall be liable to pay additional income-tax at the rate of twenty per cent. on the distributed income.

Explanation.—For the purposes of this section,—

(*i*) "buy-back" means purchase by a company of its own shares in accordance with the provisions of section 77A of the Companies Act, 1956;

1 of 1956.

(*ii*) "distributed income" means the consideration paid by the company on buy-back of shares as reduced by the amount which was received by the company for issue of such shares.

(*2*) Notwithstanding that no income-tax is payable by a domestic company on its total income computed in accordance with the provisions of this Act, the tax on the distributed income under sub-section (*1*) shall be payable by such company.

(*3*) The principal officer of the domestic company and the company shall be liable to pay the tax to the credit of the Central Government within fourteen days from the date of payment of any consideration to the shareholder on buy-back of shares referred to in sub-section (*1*).

(*4*) The tax on the distributed income by the company shall be treated as the final payment of tax in respect of the said income and no further credit therefor shall be claimed by the company or by any other person in respect of the amount of tax so paid.

(*5*) No deduction under any other provision of this Act shall be allowed to the company or a shareholder in respect of the income which has been charged to tax under sub-section (*1*) or the tax thereon.

Interest payable for non-payment of tax by company.

115QB. Where the principal officer of the domestic company and the company fails to pay the whole or any part of the tax on the distributed income referred to in sub-section (*1*) of section 115QA, within the time allowed under sub-section (*3*) of that section, he or it shall be liable to pay simple interest at the rate of one per cent. for every month or part thereof on the amount of such tax for the period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.

When company is deemed to be assessee in default.

115QC. If any principal officer of a domestic company and the company does not pay tax on distributed income in accordance with the provisions of section 115QA, then, he or it shall be deemed to be an assessee in default in respect of the amount of tax payable by him or it and all the provisions of this Act for the collection and recovery of income-tax shall apply.'.

Amendment of section 115R.

29. In section 115R of the Income-tax Act, in sub-section (*2*), with effect from the 1st day of June, 2013,—

(*a*) in clause (*ii*), for the words "twelve and one-half per cent.", the words "twenty-five per cent." shall be substituted;

(*b*) after sub-clause (*iii*) and before the proviso, the following proviso shall be inserted, namely:—

"Provided that where any income is distributed by a mutual fund under an infrastructure debt fund scheme to a non-resident (not being a company) or a foreign company, the mutual fund shall be liable to pay additional income-tax at the rate of five per cent. on income so distributed:";

(*c*) in the proviso, for the words "Provided that ", the words "Provided further that" shall be substituted;

(*d*) for the Explanation, the following Explanation shall be substituted, namely:—

'*Explanation.*—For the purposes of this sub-section,—

(*i*) "administrator" and "specified company" shall have the meanings respectively assigned to them in the Explanation to clause (*35*) of section 10;

(*ii*) "infrastructure debt fund scheme" shall have the same meaning as assigned to it in clause (*1*) of regulation 49L of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992.'. 15 of 1992.

Insertion of new Chapter XII-EA.

30. After Chapter XII-E of the Income-tax Act, the following Chapter shall be inserted with effect from the 1st day of June, 2013, namely:—

'CHAPTER XII-EA

SPECIAL PROVISIONS RELATING TO TAX ON DISTRIBUTED INCOME BY SECURITISATION TRUSTS

Tax on distributed income to investors.

115TA. (*1*) Notwithstanding anything contained in any other provisions of the Act, any amount of income distributed by the securitisation trust to its investors shall be chargeable to tax and such securitisation trust shall be liable to pay additional income-tax on such distributed income at the rate of—

(*i*) twenty-five per cent. on income distributed to any person being an individual or a Hindu undivided family;

(*ii*) thirty per cent. on income distributed to any other person:

Provided that nothing contained in this sub-section shall apply in respect of any income distributed by the securitisation trust to any person in whose case income, irrespective of its nature and source, is not chargeable to tax under the Act.

(*2*) The person responsible for making payment of the income distributed by the securitisation trust shall be liable to pay tax to the credit of the Central Government within fourteen days from the date of distribution or payment of such income, whichever is earlier.

(*3*) The person responsible for making payment of the income distributed by the securitisation trust shall, on or before the 15th day of September in each year, furnish to the prescribed income-tax authority, a statement in the prescribed form and verified in the prescribed manner, giving the details of the amount of income distributed to investors during the previous year, the tax paid thereon and such other relevant details, as may be prescribed.

(*4*) No deduction under any other provisions of this Act shall be allowed to the securitisation trust in respect of the income which has been charged to tax under sub-section (*1*).

Interest payable for non-payment of tax.

115TB. Where the person responsible for making payment of the income distributed by the securitisation trust and the securitisation trust fails to pay the whole or any part of the tax referred to in sub-section (*1*) of section 115TA, within the time allowed under sub-section (*2*) of that section, he or it shall be liable to pay simple interest at the rate of one per cent. every month or part thereof on the amount of such tax for the period beginning on the date immediately after the last date on which such tax was payable and ending with the date on which the tax is actually paid.

Securitisation trust to be assessee in default.

115TC. If any person responsible for making payment of the income distributed by the securitisation trust and the securitisation trust does not pay tax, as referred to in sub-section (*1*) of section 115TA, then, he or it shall be deemed to be an assessee in default in respect of the amount of tax payable by him or it and all the provisions of this Act for the collection and recovery of income-tax shall apply.

Explanation.—For the purposes of this Chapter,—

(*a*) "investor" means a person who is holder of any securitised debt instrument or securities issued by the securitisation trust;

(*b*) "securities" means debt securities issued by a Special Purpose Vehicle as referred to in the guidelines on securitisation of standard assets issued by the Reserve Bank of India;

(*c*) "securitised debt instrument" shall have the same meaning as assigned to it in clause (*s*) of sub-regulation (*1*) of regulation 2 of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 made under the Securities and Exchange Board of India Act, 1992 and the Securities Contracts (Regulation) Act, 1956;

15 of 1992.
42 of 1956.

(*d*) "securitisation trust" means a trust, being a—

(*i*) "special purpose distinct entity" as defined in clause (*u*) of sub-regulation (*1*) of regulation 2 of the Securities and Exchange Board of India (Public Offer and Listing of Securitised Debt Instruments) Regulations, 2008 made under the Securities and Exchange Board of India Act, 1992 and the Securities Contracts (Regulation) Act, 1956, and regulated under the said regulations; or

15 of 1992.
42 of 1956.

(*ii*) "Special Purpose Vehicle" as defined in, and regulated by, the guidelines on securitisation of standard assets issued by the Reserve Bank of India,

which fulfils such conditions, as may be prescribed.'.

Amendment of section 132B.

31. In section 132B of the Income-tax Act, the Explanation shall be numbered as Explanation 1 thereof and after Explanation 1 as so numbered, the following Explanation shall be inserted with effect from the 1st day of June, 2013, namely:—

'*Explanation* 2.—For the removal of doubts, it is hereby declared that the "existing liability" does not include advance tax payable in accordance with the provisions of Part C of Chapter XVII.'.

Amendment of section 139.

32. In section 139 of the Income-tax Act, in sub-section (*9*), in the Explanation, after clause (*a*), the following clause shall be inserted with effect from the 1st day of June, 2013, namely:—

"(*aa*) the tax together with interest, if any, payable in accordance with the provisions of section140A, has been paid on or before the date of furnishing of the return;".

Amendment of section 142.

33. In section 142 of the Income-tax Act, in sub-section (*2A*), for the words "the nature and complexityof the accounts of the assessee and", the words "the nature and complexity of the accounts, volume of the accounts, doubts about the correctness of the accounts, multiplicity of transactions in the accounts or specialised nature of business activity of the assessee, and" shall be substituted with effect from the1st day of June, 2013.

Omission of section 144BA.

34. Section 144BA of the Income-tax Act (as inserted by section 62 of the Finance Act, 2012) shall be omitted with effect from the 1st day of April, 2014. 23 of 2012.

Insertion of new section 14BA.

35. After section 144B of the Income-tax Act, the following section shall be inserted with effect from the 1st day of April, 2016, namely:—

Reference to Commissioner in certain cases.

"144BA. (*1*) If, the Assessing Officer, at any stage of the assessment or reassessment proceedings before him having regard to the material and evidence available, considers that it is necessary to declare an arrangement as an impermissible avoidance arrangement and to determine the consequence of such an arrangement within the meaning of Chapter X-A, then, he may make a reference to the Commissioner in this regard.

(*2*) The Commissioner shall, on receipt of a reference under sub-section (*1*), if he is of the opinion that the provisions of Chapter X-A are required to be invoked, issue a notice to the assessee, setting out the reasons and basis of such opinion, for submitting objections, if any, and providing an opportunity of being heard to the assessee within such period, not exceeding sixty days, as may be specified in the notice.

(*3*) If the assessee does not furnish any objection to the notice within the time specified in the notice issued under sub-section (*2*), the Commissioner shall issue such directions as he deems fit in respect of declaration of the arrangement to be an impermissible avoidance arrangement.

(*4*) In case the assessee objects to the proposed action, and the Commissioner after hearing the assessee in the matter is not satisfied by the explanation of the assessee, then, he shall make a reference in the matter to the Approving Panel for the purpose of declaration of the arrangement as an impermissible avoidance arrangement.

(*5*) If the Commissioner is satisfied, after having heard the assessee that the provisions of Chapter X-A are not to be invoked, he shall by an order in writing, communicate the same to the Assessing Officer with a copy to the assessee.

(*6*) The Approving Panel, on receipt of a reference from the Commissioner under sub-section (*4*), shall issue such directions, as it deems fit, in respect of the declaration of the arrangement as an impermissible avoidance arrangement in accordance with the provisions of Chapter X-A including specifying of the previous year or years to which such declaration of an arrangement as an impermissible avoidance arrangement shall apply.

(*7*) No direction under sub-section (*6*) shall be issued unless an opportunity of being heard is given to the assessee and the Assessing Officer on such directions which are prejudicial to the interest of the assessee or the interests of the revenue, as the case may be.

(*8*) The Approving Panel may, before issuing any direction under sub-section (*6*),—

(*i*) if it is of the opinion that any further inquiry in the matter is necessary, direct the Commissioner to make such inquiry or cause the inquiry to be made by any other income-tax authority and furnish a report containing the result of such inquiry to it; or

(*ii*) call for and examine such records relating to the matter as it deems fit; or

(*iii*) require the assessee to furnish such documents and evidence as it may direct.

(*9*) If the members of the Approving Panel differ in opinion on any point, such point shall be decided according to the opinion of the majority of the members.

(*10*) The Assessing Officer, on receipt of directions of the Commissioner under sub-section (*3*) or of the Approving Panel under sub-section (*6*), shall proceed to complete the proceedings referred to in sub-section (*1*) in accordance with such directions and the provisions of Chapter X-A.

(*11*) If any direction issued under sub-section (*6*) specifies that declaration of the arrangement as impermissible avoidance arrangement is applicable for any previous year other than the previous year to which the proceeding referred to in sub-section (*1*) pertains, then, the Assessing Officer while completing any assessment or reassessment proceedings of the assessment year relevant to such other previous year shall do so in accordance with such directions and the provisions of Chapter X-A and it shall not be necessary for him to seek fresh direction on the issue for the relevant assessment year.

(*12*) No order of assessment or reassessment shall be passed by the Assessing Officer without the prior approval of the Commissioner, if any tax consequences have been determined in the order under the provisions of Chapter X-A.

(*13*) The Approving Panel shall issue directions under sub-section (*6*) within a period of six months from the end of the month in which the reference under sub-section (*4*) was received.

(*14*) The directions issued by the Approving Panel under sub-section (*6*) shall be binding on—

(*i*) the assessee; and

(*ii*) the Commissioner and the income-tax authorities subordinate to him,

and notwithstanding anything contained in any other provision of the Act, no appeal under the Act shall lie against such directions.

(*15*) The Central Government shall, for the purposes of this section, constitute one or more Approving Panels as may be necessary and each panel shall consist of three members including a Chairperson.

(*16*) The Chairperson of the Approving Panel shall be a person who is or has been a judge of a High Court, and—

(*i*) one member shall be a member of Indian Revenue Service not below the rank of Chief Commissioner of Income-tax; and

(*ii*) one member shall be an academic or scholar having special knowledge of matters, such as direct taxes, business accounts and international trade practices.

(*17*) The term of the Approving Panel shall ordinarily be for one year and may be extended from time to time up to a period of three years.

(*18*) The Chairperson and members of the Approving Panel shall meet, as and when required, to consider the references made to the panel and shall be paid such remuneration as may be prescribed.

(*19*) In addition to the powers conferred on the Approving Panel under this section, it shall have the powers which are vested in the Authority for Advance Rulings under section 245U.

(*20*) The Board shall provide to the Approving Panel such officials as may be necessary for the efficient exercise of powers and discharge of functions of the Approving Panel under the Act.

(*21*) The Board may make rules for the purposes of the constitution and efficient functioning of the Approving Panel and expeditious disposal of the references received under sub-section (*4*).

Explanation.—In computing the period referred to in sub-section (*13*), the following shall be excluded—

(*i*) the period commencing from the date on which the first direction is issued by the Approving Panel to the Commissioner for getting the inquiries conducted through the authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information so requested is last received by the Approving Panel or one year, whichever is less;

(*ii*) the period during which the proceeding of the Approving Panel is stayed by an order or injunction of any court:

Provided that where immediately after the exclusion of the aforesaid time or period, the period available to the Approving Panel for issue of directions is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of six months shall be deemed to have been extended accordingly.".

Amendment of section 144C.

36. In section 144C of the Income-tax Act,—

(*a*) sub-section (*14A*) shall be omitted;

(*b*) after sub-section (*14*), the following sub-section shall be inserted with effect from the 1st day of April, 2016, namely:—

"(14A) The provisions of this section shall not apply to any assessment or reassessment order passed by the Assessing Officer with the prior approval of the Commissioner as provided in sub-section (*12*) of section 144BA.".

37. In section 153 of the Income-tax Act, in Explanation 1,— Amendment of section 153.

(*a*) for clause (*iii*), the following clause shall be substituted with effect from the 1st day of June, 2013, namely:—

"(*iii*) the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited under sub-section (*2A*) of section 142 and—

(*a*) ending with the last date on which the assessee is required to furnish a report of such audit under that sub-section; or

(*b*) where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Commissioner,or";

(*b*) for clause (*viii*), the following clause shall be substituted with effect from the 1st day of June, 2013, namely:—

"(*viii*) the period commencing from the date on which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information requested is last received by the Commissioner or a period of one year, whichever is less,";

(*c*) clause (*ix*) shall be omitted;

(*d*) in clause (*viii*), at the end, the word "or" and after clause (*viii*), the following clause shall be inserted with effect from the 1st day of April, 2016, namely:—

"(*ix*) the period commencing from the date on which a reference for declaration of an arrangement to be an impermissible avoidance arrangement is received by the Commissioner under sub-section (*1*) of section 144BA and ending on the date on which a direction under sub-section (*3*) or sub-section (*6*) or an order under sub-section (*5*) of the said section is received by the Assessing Officer,".

38. In section 153B of the Income-tax Act, in the Explanation,— Amendment of section 153B.

(*a*) for clause (*ii*), the following clause shall be substituted with effect from the 1st day of June, 2013, namely:—

"(*ii*) the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited under sub-section (*2A*) of section 142 and—

(*a*) ending with the last date on which the assessee is required to furnish a report of such audit under that sub-section; or

(*b*) where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Commissioner, or";

(*b*) for clause (*viii*), the following clause shall be substituted with effect from the 1st day of June, 2013, namely:—

"(*viii*) the period commencing from the date on which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information requested is last received by the Commissioner or a period of one year, whichever is less,";

(*c*) clause (*ix*) shall be omitted;

(*d*) in clause (*viii*), at the end, the word "or" and after clause (*viii*), the following clause shall be inserted with effect from the 1st day of April, 2016, namely:—

"(*ix*) the period commencing from the date on which a reference for declaration of an arrangement to be an impermissible avoidance arrangement is received by the Commissioner under sub-section (*1*) of section 144BA and ending on the date on which a direction under sub-section (*3*) or sub-section (*6*) or an order under sub-section (*5*) of the said section is received by the Assessing Officer,".

Amendment of section 153D.

39. In section 153D of the Income-tax Act, the following proviso shall be inserted with effect from the Amendment of 1st day of April, 2016, namely:—

"Provided that nothing contained in this section shall apply where the assessment or order, as the case may be, is required to be passed by the Assessing Officer with the prior approval of the Commissioner under sub-section (*12*) of section 144BA.".

Amendment of section 167C.

40. In section 167C of the Income-tax Act, the following Explanation shall be inserted with effect from the 1st day of June, 2013, namely:—

'*Explanation.*—For the purposes of this section, the expression "tax due" includes penalty, interest or any other sum payable under the Act.'.

Amendment of section 179.

41. In section 179 of the Income-tax Act, after sub-section (*2*), the following Explanation shall be inserted with effect from the 1st day of June, 2013, namely:—

'*Explanation.*— For the purposes of this section, the expression "tax due" includes penalty, interest or any other sum payable under the Act.'.

Insertion of new section 194-IA.

42. After section 194-I of the Income-tax Act, the following section shall be inserted with effect from the 1st day of June, 2013, namely:—

Payment on transfer of certain immovable property other than agricultural land.

'194-IA. (*1*) Any person, being a transferee, responsible for paying (other than the person referred to in section 194LA) to a resident transfer or any sum by way of consideration for transfer of any immovable property (other than agricultural land), shall, at the time of credit of such sum to the account of the transferor or at the time of payment of such sum in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct an amount equal to one per cent. of such sum as income-tax thereon.

(*2*) No deduction under sub-section (*1*) shall be made where the consideration for the transfer of an immovable property is less than fifty lakh rupees.

Explanation.— For the purposes of this section,—

(*a*) "agricultural land" means agricultural land in India, not being a land situate in any area referred to in items (*a*) and (*b*) of sub-clause (*iii*) of clause (*14*) of section 2;

(*b*) "immovable property" means any land (other than agricultural land) or any building or part of a building.'.

Amendment of section 194LC.

43. In section 194LC of the Income-tax Act, in sub-section (*2*) with effect from the 1st day of June, 2013,–

(*a*) after sub-clause (*ii*) and before the Explanation, the following proviso shall be inserted, namely:—

"Provided that where a non-resident (not being a company) or a foreign company has deposited any sum of money in foreign currency in a designated account through which such sum, as converted in rupees, is utilised by the non-resident or the foreign company, as the case may be, to subscribe to any

long-term infrastructure bonds issued by the specified company in India, then, such borrowing, for the purposes of this section, shall be deemed to have been made by the specified company in foreign currency.";

(*b*) in the Explanation, clause (*a*) shall be renumbered as clause (*aa*) thereof and before the clause as so renumbered, the following clause shall be inserted, namely:—

'(*a*) "designated account" means an account of a person in a bank which has been opened solely for the purpose of deposit of money in foreign currency and utilisation of such money for payment to the specified company for subscription in the long-term infrastructure bonds issued by it;'.

Amendment of section 245N.

44. In section 245N of the Income-tax Act,—

(*i*) in clause (*a*),—

(*i*) sub-clause (*iv*) shall be omitted;

(*ii*) after sub-clause (*iii*), the following sub-clause shall be inserted with effect from the 1st day of April, 2015, namely:—

"(*iv*) a determination or decision by the Authority whether an arrangement, which is proposed to be undertaken by any person being a resident or a non-resident, is an impermissible avoidance arrangement as referred to in Chapter X-A or not:";

(*ii*) in clause (*b*),—

(*i*) sub-clause (*iiia*) shall be omitted;

(*ii*) in sub-clause (*iii*), for the word "or" occurring at the end, the word "and" shall be substituted;

(*iii*) in sub-clause (*iii*), for the word "and" occurring at the end, the word "or" shall be substituted with effect from the 1st day of April, 2015;

(*iv*) after sub-clause (*iii*), the following sub-clause shall be inserted with effect from the 1st day of April, 2015, namely:—

"(*iiia*) is referred to in sub-clause (*iv*) of clause (*a*); and".

Amendment of section 245R.

45. In section 245R of the Income-tax Act, in sub-section (2), in the proviso, in clause (*iii*), —

(*a*) the words, brackets, figures and letters "or in the case of an applicant falling in sub-clause (*iiia*) of clause (*b*) of section 245N" shall be omitted;

(*b*) after the words, brackets, letters and figures "clause (*b*) of section 245N", the words, brackets, figures and letters "or in the case of an applicant falling in sub-clause (*iiia*) of clause (*b*) of section 245N" shall be inserted with effect from the 1st day of April, 2015.

Amendment of section 246A.

46. In section 246A of the Income-tax Act, in sub-section (*1*),—

(*i*) in clause (*a*),—

(*i*) the words, brackets, figures and letters "or an order referred to in sub-section (*12*) of section 144BA" shall be omitted;

(*ii*) after the words "Dispute Resolution Panel", the words, brackets, figures and letters "or an order referred to in sub-section (*12*) of section 144BA" shall be inserted with effect from the 1st day of April, 2016;

(*ii*) in clause (*b*),—

(*i*) the words, brackets, figures and letters "or an order referred to in sub-section (*12*) of section 144BA" shall be omitted;

(*ii*) after the words "Dispute Resolution Panel", the words, brackets, figures and letters "or an order referred to in sub-section (*12*) of section 144BA" shall be inserted with effect from the 1st day of April, 2016;

(*iii*) in clause (*ba*),—

(*i*) the words, brackets, figures and letters "or an order referred to in sub-section (*12*) of section 144BA" shall be omitted;

(*ii*) the words, brackets, figures and letters "or an order referred to in sub-section (*12*) of section 144BA" shall be inserted at the end with effect from the 1st day of April, 2016;

(*iv*) in clause (*c*),—

(*i*) the words, brackets, figures and letters "except where it is in respect of an order as referred to in sub-section (*12*) of section 144BA" shall be omitted;

(*ii*) the words, brackets, figures and letters "except an order referred to in sub-section (*12*) of section 144BA" shall be inserted at the end with effect from the 1st day of April, 2016.

Amendment of section 253.

47. In section 253 of the Income-tax Act, in sub-section (*1*),—

(*a*) clause (*e*) shall be omitted; 253.

(*b*) after clause (*d*), the following clause shall be inserted with effect from the 1st day of April, 2016, namely:—

"(*e*) an order passed by an Assessing Officer under sub-section (*3*) of section 143 or section 147 or section 153A or section 153C with the approval of the Commissioner as referred to in sub section (*12*) of section 144BA or an order passed under section 154 or section 155 in respect of such order.".

Substitution of new section for section 271FA.

48. For section 271FA of the Income-tax Act, the following section shall be substituted with effect from the 1st day of April, 2014, namely:—

Penalty for failure to furnish annual information return.

"271FA. If a person who is required to furnish an annual information return under sub-section (*1*) of section 285BA, fails to furnish such return within the time prescribed under sub-section (*2*) thereof, the income-tax authority prescribed under said sub-section (*1*) may direct that such person shall pay, by way of penalty, a sum of one hundred rupees for every day during which such failure continues:

Provided that where such person fails to furnish the return within the period specified in the notice issued under sub-section (*5*) of section 285BA, he shall pay, by way of penalty, a sum of five hundred rupees for every day during which the failure continues, beginning from the day immediately following the day on which the time specified in such notice for furnishing the return expires.".

Amendment of section 295.

49. In section 295 of the Income-tax Act, in sub-section (*2*), with effect from the 1st day of April, 2016,—

(*i*) clause (*ee*) shall be renumbered as clause (*e*) and after clause (*e*) as so renumbered, the following clause shall be inserted, namely:—

"(*ee*) the matters specified in Chapter X-A;";

(*ii*) after clause (*eec*), the following clause shall be inserted, namely:—

"(*eed*) remuneration of Chairperson and members of the Approving Panel under sub-section (*18*) and procedure and manner for constitution of, functioning and disposal of references by, the Approving Panel under sub-section (*21*) of section 144BA;".

Amendment of Fourth Schedule.

50. In the Fourth Schedule to the Income-tax Act, in Part A, in rule 3, in sub-rule (*1*), in the first proviso, for the figures, letters and words "31st day of March, 2013", the figures, letters and words "31st day of March, 2014" shall be substituted.

Wealth-tax

27 of 1957.

Amendment of section 2.

51. In section 2 of the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act) in clause (*ea*), in *Explanation* 1, for clause (*b*), the following clause shall be substituted with effect from the 1st day of April, 2014, namely:–

'(*b*) "urban land" means land situate—

(*i*) in any area which is comprised within the jurisdiction of a municipality (whether known as a municipality, municipal corporation, notified area committee, town area committee, town committee, or by any other name) or a cantonment board and which has a population of not less than ten thousand; or

(*ii*) in any area within the distance, measured aerially,—

(*I*) not being more than two kilometres, from the local limits of any municipality or cantonment board referred to in sub-clause (*i*) and which has a population of more than ten thousand but not exceeding one lakh; or

(*II*) not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in sub-clause (*i*) and which has a population of more than one lakh but not exceeding ten lakh; or

(*III*) not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in sub-clause (*i*) and which has a population of more than ten lakh,

but does not include land on which construction of a building is not permissible under any law for the time being in force in the area in which such land is situated or the land occupied by any building which has been constructed with the approval of the appropriate authority or any unused land held by the assessee for industrial purposes for a period of two years from the date of its acquisition by him or any land held by the assessee as stock-in-trade for a period of ten years from the date of its acquisition by him.

Explanation.—For the purposes of clause (*b*) of *Explanation* 1, "population" means the population according to the last preceding census of which the relevant figures have been published before the date of valuation.'.

Insertion of new sections 14A and 14B.

52. After section 14 of the Wealth-tax Act, the following sections shall be inserted with effect from the 1st day of June, 2013, namely:—

Power of Board to dispense with furnishing documents, etc., with return of wealth.

"14A. The Board may make rules providing for a class or classes of persons who may not be required to furnish documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents, which are otherwise under any other provisions of this Act, except section 14B, required to be furnished, along with the return but on demand to be produced before the Assessing Officer.

Filling of return in electronic form.

14B. The Board may make rules providing for—

(*a*) the class or classes of persons who shall be required to furnish the return in electronic form;

(*b*) the form and the manner in which the return in electronic form may be furnished;

(*c*) the documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents which may not be furnished along with the return in electronic form but shall be produced before the Assessing Officer on demand;

(*d*) the computer resource or the electronic record to which the return in electronic form may be transmitted.".

Amendment of section 46.

53. In section 46 of the Wealth-tax Act, in sub-section (*2*), after clause (*b*), the following clauses shall be inserted with effect from the 1st day of June, 2013, namely:—

"(*ba*) the documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents which may not be furnished along with the return but shall be produced before the Assessing Officer on demand under section 14A;

(*bb*) the class or classes of persons who shall be required to furnish the return in electronic form; the form and the manner in which the return in electronic form may be furnished; the documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents which may not be furnished along with the return in electronic form and the computer resource or electronic record to which such return may be transmitted under section 14B;".

CHAPTER IV

INDIRECT TAXES

Customs

Amendment of section 11.

54. In the Customs Act, 1962 (hereinafter referred to as the Customs Act), in section 11, in sub-section (*2*), in clause (*n*), for the words ôand copyrightsõ, the words ", copyrights, designs and geographical indications" shall be substituted. 52 of 1962.

Amendment of section 27.

55. In section 27 of the Customs Act, in sub-section (*1*), after the second proviso, the following proviso shall be inserted, namely:—

"Provided also that where the amount of refund claimed is less than rupees one hundred, the same shall not be refunded.".

Amendment of section 28.

56. In section 28 of the Customs Act, in sub-section (*1*), the following proviso shall be inserted, namely:—

"Provided that the proper officer shall not serve such show cause notice, where the amount involved is less than rupees one hundred.".

Amendment of section 28BA.

57. In section 28BA of the Customs Act, in sub-section (*1*), for the words, brackets and figures "subsection (*1*) of section 28", the words, brackets and figures "sub-section (*1*) or sub-section (*4*) of section 28" shall be substituted.

Amendment of section 28E.

58. In section 28E of the Customs Act, for clause (*a*), the following clause shall be substituted, namely:—

'(*a*) "activity" means import or export and includes any new business of import or export proposed to be undertaken by the existing importer or exporter, as the case may be;'.

Amendment of section 29.

59. In section 29 of the Customs Act, in sub-section (*1*), after the words "as the case may be", the words, "unless permitted by the Board" shall be inserted.

Amendment of section 30.

60. In section 30 of the Customs Act, in sub-section (*1*),—

(*a*) for the words "an import manifest prior to the arrival", the words "an import manifest by presenting electronically prior to the arrival" shall be substituted;

(*b*) the following proviso shall be inserted, namely:—

"Provided that the Commissioner of Customs may, in cases where it is not feasible to deliver import manifest by presenting electronically, allow the same to be delivered in any other manner.".

Amendment of section 41.

61. In section 41 of the Customs Act, in sub-section (*1*),—

(*a*) for the words "export manifest", the words "export manifest by presenting electronically" shall be substituted;

(*b*) the following proviso shall be inserted, namely:—

"Provided that the Commissioner of Customs may, in cases where it is not feasible to deliver the export manifest by presenting electronically, allow the same to be delivered in any other manner.".

Amendment of section 47.

62. In section 47 of the Customs Act, in sub-section (*2*), for the words "five days", the words "two days" shall be substituted.

Amendment of section 49.

63. In section 49 of the Customs Act,—

(*a*) for the words "be permitted to be stored in a public warehouse", the words "be permitted to be stored for a period not exceeding thirty days in a public warehouse" shall be substituted;

(*b*) the following proviso shall be inserted, namely:—

"Provided that the Commissioner of Customs may extend the period of storage for a further period not exceeding thirty days at a time.".

Amendment of section 69.

64. In section 69 of the Customs Act, in sub-section (*1*), for clause (*a*), the following clause shall be substituted, namely:—

"(*a*) a shipping bill or a bill of export in the prescribed form or a label or declaration accompanying the goods as referred to in section 82 has been presented in respect of such goods.".

Amendment of section 104.

65. In section 104 of the Customs Act, for sub-section (*6*), the following sub-sections shall be substituted, namely:—

"(*6*) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, an offence punishable under section 135 relating to— 2 of 1974.

(*a*) evasion or attempted evasion of duty exceeding fifty lakh rupees; or

(*b*) prohibited goods notified under section 11 which are also notified under sub-clause (*C*) of clause (*i*) of sub-section (*1*) of section 135; or

(*c*) import or export of any goods which have not been declared in accordance with the provisions of this Act and the market price of which exceeds one crore rupees; or

(*d*) fraudulently availing of or attempt to avail of drawback or any exemption from duty provided under this Act, if the amount of drawback or exemption from duty exceeds fifty lakh rupees,

shall be non-bailable.

(*7*) Save as otherwise provided in sub-section (*6*), all other offences under this Act shall be bailable.".

Amendment of section 129B.

66. In section 129B of the Customs Act, in sub-section (*2A*), after the second proviso, the following proviso shall be inserted, namely:—

"Provided also that where such appeal is not disposed of within the period specified in the first proviso, the Appellate Tribunal may, on an application made in this behalf by a party and on being satisfied that the delay in disposing of the appeal is not attributable to such party, extend the period of stay to such further period, as it thinks fit, not exceeding one hundred and eighty-five days, and in case the appeal is not so disposed of within the total period of three hundred and sixty-five days from the date of order referred to in the first proviso, the stay order shall, on the expiry of the said period, stand vacated.".

Amendment of section 129C.

67. In section 129C of the Customs Act, in sub-section (*4*), for the words "ten lakh rupees", the words "fifty lakh rupees" shall be substituted.

Amendment of section 135.

68. In section 135 of the Customs Act, in sub-section (*1*), in clause (*i*), in sub-clauses (*B*) and (*D*), for the words "thirty lakh", the words "fifty lakh" shall respectively be substituted.

Amendment of section 142.

69. In section 142 of the Customs Act, in sub-section (*1*), after the proviso, the following clause shall be inserted, namely:—

"(*d*) (*i*) the proper officer may, by a notice in writing, require any other person from whom money is due to such person or may become due to such person or who holds or may subsequently hold money for or on account of such person, to pay to the credit of the Central Government either forthwith upon the money becoming due or being held, or at or within the time specified in the notice not being before the money becomes due or is held, so much of the money as is sufficient to pay the amount due from such person or the whole of the money when it is equal to or less than that amount;

(*ii*) every person to whom the notice is issued under this section shall be bound to comply with such notice, and in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary to produce any pass book, deposit receipt, policy or any other document for the purpose of any entry, endorsement or the like being made before the payment is made, notwithstanding any rule, practice or requirement to the contrary;

(*iii*) in case the person to whom a notice under this section has been issued, fails to make the payment in pursuance thereof to the Central Government, he shall be deemed to be a defaulter in respect of the amount specified in the notice and all the consequences of this Chapter shall follow.".

Omission of section143A.

70. Section 143A of the Customs Act shall be omitted.

Amendment of section 144.

71. In section 144 of the Customs Act, in sub-section (*3*), the words", if such duty amounts to five rupees or more" shall be omitted.

Substitution of new section for section 146.

72. For section 146 of the Customs Act, the following section shall be substituted, namely:—

Licence for customs brokers.

"146. (*1*) No person shall carry on business as a customs broker relating to the entry or departure of a conveyance or the import or export of goods at any customs station unless such person holds a licence granted in this behalf in accordance with the regulations.

(*2*) The Board may make regulations for the purpose of carrying out the provisions of this section and, in particular, such regulations may provide for—

(*a*) the authority by which a licence may be granted under this section and the period of validity of such licence;

(*b*) the form of the licence and the fees payable therefor;

(*c*) the qualifications of persons who may apply for a licence and the qualifications of persons to be employed by a licensee to assist him in his work as a customs broker;

(*d*) the manner of conducting the examination;

(*e*) the restrictions and conditions (including the furnishing of security by the licensee) subject to which a licence may be granted;

(*f*) the circumstances in which a licence may be suspended or revoked; and

(*g*) the appeals, if any, against an order of suspension or revocation of a licence, and the period within which such appeal may be filed.".

Amendment of section 146A.

73. In section 146A of the Customs Act,—

(*a*) in sub-section (*2*), in clause (*b*), for the words "customs house agent", the words "customs broker" shall be substituted;

(*b*) in sub-section (*4*),—

(*i*) for clause (*b*), the following clause shall be substituted, namely:—

"(*b*) who is convicted of an offence connected with any proceeding under this Act, the Central Excise Act, 1944, the Gold (Control) Act, 1968 or the Finance Act, 1994; or";

1 of 1944.
45 of 1968.
32 of 1994.

(*ii*) for the words, figures and brackets "Central Excises and Salt Act, 1944 or the Gold (Control) Act, 1968", the words, figures and brackets "Central Excise Act, 1944 or the Gold (Control) Act, 1968 or the Finance Act, 1994" shall be substituted.

1 of 1944.
45 of 1968.
32 of 1994.

Amendment of section 147.

74. In section 147 of the Customs Act, in sub-section (*3*), after the words "for such purposes", the words "including liability therefor under this Act" shall be inserted.

Amendment of notification issued under sub-section (*1*) of section 25 of Customs Act retrospectively.

75. (*1*) The notification of the Government of India in the Ministry of Finance (Department of Revenue) number G.S.R. 153(E), dated the 1st March, 2011, issued under sub-section (*1*) of section 25 of the Customs Act, 1962 shall stand amended and shall be deemed to have been amended retrospectively, in the manner specified in column (*2*) of the Second Schedule, on and from the date specified in column (*3*) of that Schedule.

52 of 1962.

(*2*) For the purposes of sub-section (*1*), the Central Government shall have and shall be deemed to have the power to amend the notification referred to in sub-section (*1*) with retrospective effect as if the Central Government had the power to amend the said notification under sub-section (*1*) of section 25 of the Customs Act, 1962 retrospectively, at all material times.

52 of 1962.

(*3*) The refund shall be made of all such duty of customs which has been collected but which would not have been so collected, had the notification referred to in sub-section (*1*), been in force at all material times.

(*4*) Notwithstanding anything contained in the Customs Act, 1962, an application for the claim of refund of duty of customs shall be made within six months from the date on which the Finance Bill, 2013 receives the assent of the President.

52 of 1962.

Explanation.— For the removal of doubts, it is hereby declared that the provisions of section 27 of the Customs Act, 1962, shall be applicable in case of refunds under this section. 52 of 1962.

Customs Tariff

Amendment of First Schedule.

76. In the Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), the First Schedule shall be amended in the manner specified in the Third Schedule. 51 of 1975.

Amendment of Second Schedule.

77. In the Customs Tariff Act, —

(*a*) in the Second Schedule, against Sl. No. 43, for the entry in column (2), the entry "7210, 7212" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of March, 2011;

(*b*) the Second Schedule shall be amended in the manner specified in the Fourth Schedule.

Excise

Amendment of section 9.

78. In the Central Excise Act, 1944 (hereinafter referred to as the Central Excise Act), in section 9, in sub-section (*1*), in clause (*i*), for the words "thirty lakh", the words "fifty lakh" shall be substituted. 1 of 1944.

Amendment of section 9A.

79. In section 9A of the Central Excise Act, for sub-section (*1*), the following sub-sections shall be substituted, namely:—

"(*1*) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, offences under section 9, except the offences referred to in sub-section (*1A*), shall be non-cognizable within the meaning of that Code. 2 of 1974

(*1A*) The offences relating to excisable goods where the duty leviable thereon under this Act exceeds fifty lakh rupees and punishable under clause (*b*) or clause (*bbbb*) of sub-section (*1*) of section 9, shall be cognizable and non-bailable.".

Amendment of section 11.

80. Section 11 of the Central Excise Act shall be renumbered as sub-section (*1*) thereof, and in sub-section (*1*) as so renumbered,—

(*a*) for the portion beginning with the words "may deduct" and ending with the words "or may recover the amount", the following shall be substituted, namely:—

"may deduct or require any other Central Excise Officer or a proper officer referred to in section 142 of the Customs Act, 1962 to deduct the amount so payable from any money owing to the person from whom such sums may be recoverable or due which may be in his hands or under his disposal or control or may be in the hands or under disposal or control of such other officer, or may recover the amount"; 52 of 1962.

(*b*) after sub-section (*1*) as so renumbered, the following sub-section shall be inserted, namely:—

"(*2*) (*i*) The Central Excise Officer may, by a notice in writing, require any other person from whom money is due to such person, or may become due to such person, or who holds or may subsequently hold money for or on account of such person, to pay to the credit of the Central Government either forthwith upon the money becoming due or being held, or at or within the time specified in the notice, not being before the money becomes due or is held, so much of the money as is sufficient to pay the amount due from such person or the whole of the money when it is equal to or less than that amount; 43 of 1961.

(*ii*) every person to whom a notice is issued under this sub-section shall be bound to comply with such notice, and in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary

to produce any pass book, deposit receipt, policy or any other document for the purpose of any entry, endorsement or the like being made before payment is made, notwithstanding any rule, practice or requirement to the contrary;

(*iii*) in a case where the person to whom a notice under this sub-section has been issued, fails to make the payment in pursuance thereof to the Central Government, he shall be deemed to be a person from whom duty and any other sums of any kind payable to the Central Government under any of the provisions of this Act or the rules made thereunder have become due, in respect of the amount specified in the notice and all the consequences under this Act shall follow.".

Amendment of section 11A.

81. In section 11A of the Central Excise Act, after sub-section (*7*), the following sub-section shall be inserted, namely:—

"(*7A*) Notwithstanding anything contained in sub-section (*1*) or sub-section (*3*) or sub-section (*4*) or sub-section (*5*), the Central Excise Officer may, serve, subsequent to any notice or notices served under any of those sub-sections, as the case may be, a statement, containing the details of duty of central excise not levied or paid or short-levied or short-paid or erroneously refunded for the subsequent period, on the person chargeable to duty of central excise, then, service of such statement shall be deemed to be service of notice on such person under the aforesaid sub-section (*1*) or sub-section (*3*) or sub-section (*4*) or sub-section (*5*), subject to the condition that the grounds relied upon for the subsequent period are the same as are mentioned in the earlier notice or notices.".

Amendment of section 11DDA.

82. In section 11DDA of the Central Excise Act, in sub-section (*1*), the words, brackets and figure "sub-section (*1*) of" shall be omitted.

Amendment of section 20.

83. In section 20 of the Central Excise Act, for the words "shall either admit him", the words "shall, where the offence is non-cognizable, either admit him" shall be substituted.

Amendment of section 21.

84. In section 21 of the Central Excise Act, in sub-section (*2*), in the proviso,—

(*i*) in clause (*a*), for the words "shall either admit him", the words "shall, where the offence is non-cognizable, either admit him" shall be substituted;

(*ii*) in clause (*b*), after the words "against the accused person", the words "in respect of offence which is non-cognizable" shall be inserted.

Amendment of section 23A.

85. In section 23A of the Central Excise Act, for clause (*a*), the following clause shall be substituted, namely:—

'(*a*) "activity" means production or manufacture of goods and includes any new business of production or manufacture proposed to be undertaken by the existing producer or manufacturer, as the case may be;'.

Amendment of section 23C.

86. In section 23C of the Central Excise Act, in sub-section (*2*), in clause (*e*), for the words "admissibility of credit of excise duty", the words "admissibility of credit of service tax paid or deemed to have been paid on input service or excise duty" shall be substituted.

Amendment of section 23F.

87. In section 23F of the Central Excise Act, in sub-section (*1*), for the word, figures and letter "section 28-I", the word, figures and letter "section 23D" shall be substituted.

Amendment of section 35C.

88. In section 35C of the Central Excise Act, in sub-section (*2A*), after the second proviso, the following proviso shall be inserted, namely:—

"Provided also that where such appeal is not disposed of within the period specified in the first proviso, the Appellate Tribunal may, on an application made in this behalf by a party and on being satisfied that the delay in disposing of the appeal

is not attributable to such party, extend the period of stay to such further period, as it thinks fit, not exceeding one hundred and eighty-five days, and in case the appeal is not so disposed of within the total period of three hundred and sixty-five days from the date of order referred to in the first proviso, the stay order shall, on the expiry of the said period, stand vacated.".

Amendment of section 35D.

89. In section 35D of the Central Excise Act, in sub-section (*3*), for the words "ten lakh rupees", the words "fifty lakh rupees" shall be substituted.

Amendment of section 37C.

90. In section 37C of the Central Excise Act,—

(*i*) in sub-section (*1*), in clause (*a*), after the words "registered post with acknowledgement due", the words and figures "or by speed post with proof of delivery or by courier approved by the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963" shall be inserted; 54 of 1963.

(*ii*) in sub-section (*2*), after the words "delivered by post", the words, brackets and figure "or courier referred to in sub-section (*1*)" shall be inserted.

Amendment of Third Schedule.

91. The Third Schedule to the Central Excise Act shall be amended in the manner specified in the Fifth Schedule.

Central Excise Tariff

Amendment of First Schedule.

92. In the Central Excise Tariff Act, 1985 (hereinafter referred to as the Central Excise Tariff Act), the First Schedule shall be amended in the manner specified in the Sixth Schedule. 5 of 1986.

CHAPTER V

SERVICE TAX

Amendment of Act 32 of 1994.

93. In the Finance Act, 1994,—

(*A*) in section 65B,—

(*i*) in clause (*11*),—

(*a*) in sub-clause (*i*), after the words "National Council for Vocational Training", the words "or State Council for Vocational Training" shall be inserted;

(*b*) in sub-clause (*ii*), the word "or" occurring at the end shall be omitted;

(*c*) sub-clause (*iii*) shall be omitted;

(*ii*) in clause (*40*), after the words and figures "the Central Excise Act, 1944", the words, figures and brackets "or the Medicinal and Toilet Preparations (Excise Duties) Act, 1955" shall be inserted; 1 of 1944. 16 of 1955.

(*B*) in section 66B, the *Explanation* shall be omitted;

(*C*) after section 66B, the following section shall be inserted, namely:—

"66BA. (*1*) For the purpose of levy and collection of service tax, any reference to section 66 in the Finance Act, 1994 or any other Act for the time being in force, shall be construed as reference to section 66B thereof. Reference to section 66 to be construed as reference to section 66B.

32 of 1994.

(*2*) The provisions of this section shall be deemed to have come into force on the 1st day of July, 2012.";

(*D*) in section 66D, in clause (*d*), in sub-clause (*i*), the word "seed" shall be omitted;

(*E*) in section 73, after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(*2A*) Where any appellate authority or tribunal or court concludes that the notice issued under the proviso to sub-section (*1*) is not sustainable for the reason that the charge of,—

(*a*) fraud; or

(*b*) collusion; or

(*c*) wilful misstatement; or

(*d*) suppression of facts; or

(*e*) contravention of any of the provisions of this Chapter or the rules made thereunder with intent to evade payment of service tax,

has not been established against the person chargeable with the service tax, to whom the notice was issued, the Central Excise Officer shall determine the service tax payable by such person for the period of eighteen months, as if the notice was issued for the offences for which limitation of eighteen months applies under sub-section (*1*).";

(*F*) in section 77, in sub-section (*1*), for clause (*a*), the following clause shall be substituted, namely:—

"(*a*) who is liable to pay service tax or required to take registration, fails to take registration in accordance with the provisions of section 69 or rules made under this Chapter shall be liable to a penalty which may extend to ten thousand rupees;";

(*G*) after section 78, the following section shall be inserted, namely:—

"78A. Where a company has committed any of the following contraventions, namely:— Penalty for offences by director, etc., of company.

(*a*) evasion of service tax; or

(*b*) issuance of invoice, bill or, as the case may be, a challan without provision of taxable service in violation of the rules made under the provisions of this Chapter; or

(*c*) availment and utilisation of credit of taxes or duty without actual receipt of taxable service or excisable goods either fully or partially in violation of the rules made under the provisions of this Chapter; or

(*d*) failure to pay any amount collected as service tax to the credit of the Central Government beyond a period of six months from the date on which such payment becomes due, then any director, manager, secretary or other officer of such company, who at the time of such contravention was in charge of, and was responsible to, the company for the conduct of business of such company and was knowingly concerned with such contravention, shall be liable to a penalty which may extend to one lakh rupees.";

(*H*) in section 83, for the figure and letter "9A", the words, brackets, figures and letter "sub-section (*2*) of section 9A" shall be substituted;

(*I*) in section 86, in sub-section (*5*), for the word, brackets and figure "sub-section (*3*)", the words, brackets and figures "sub-section (*1*) or sub-section (*3*)" shall be substituted;

(*J*) in section 89,—

(*a*) in sub-section (*1*), for clauses (*i*) and (*ii*), the following clauses shall be substituted, namely:—

"(*i*) in the case of an offence specified in clauses (*a*), (*b*) or (*c*) where the amount exceeds fifty lakh rupees, with imprisonment for a term which may extend to three years:

Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for a term of less than six months;

(*ii*) in the case of the offence specified in clause (*d*), where the amount exceeds fifty lakh rupees, with imprisonment for a term which may extend to seven years:

Provided that in the absence of special and adequate reasons to the contrary to be recorded in the judgment of the court, such imprisonment shall not be for a term of less than six months;

(*iii*) in the case of any other offences, with imprisonment for a term, which may extend to one year.";

(*b*) for sub-section (*2*), the following sub-section shall be substituted, namely:—

"(*2*) If any person is convicted of an offence punishable under—

(*a*) clause (*i*) or clause (*iii*), then, he shall be punished for the second and for every subsequent offence with imprisonment for a term which may extend to three years;

(*b*) clause (*ii*), then, he shall be punished for the second and for every subsequent offence with imprisonment for a term which may extend to seven years.";

(*K*) after section 89, the following sections shall be inserted, namely:—

Cognizance of offences.

"90. (*1*) An offence under clause (*ii*) of sub-section (*1*) of section 89 shall be cognizable.

(*2*) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, all offences, except the offences specified in sub-section (*1*), shall be non-cognizable and bailable.

2 of 1974.

Power to arrest.

91. (*1*) If the Commissioner of Central Excise has reason to believe that any person has committed an offence specified in clause (*i*) or clause (*ii*) of sub-section (*1*) of section 89, he may, by general or special order, authorise any officer of Central Excise, not below the rank of Superintendent of Central Excise, to arrest such person.

(*2*) Where a person is arrested for any cognizable offence, every officer authorised to arrest a person shall, inform such person of the grounds of arrest and produce him before a magistrate within twenty-four hours.

(*3*) In the case of a non-cognizable and bailable offence, the Assistant Commissioner, or the Deputy Commissioner, as the case may be, shall, for the purpose of releasing an arrested person on bail or otherwise, have the same powers and be subject to the same provisions as an officer in charge of a police station has, and is subject to, under section 436 of the Code of Criminal Procedure, 1973.

2 of 1974.

(*4*) All arrests under this section shall be carried out in accordance with the provisions of the Code of Criminal Procedure, 1973 relating to arrests.";

2 of 1974.

(*L*) in section 95, after sub-section (*1-I*), the following sub-section shall be inserted, namely:—

"(*1J*) If any difficulty arises in giving effect to section 93 of the Finance Act, 2013, in so far as it relates to amendments made by the Finance Act, 2013 in Chapter V of the Finance Act, 1994, the Central Government may, by an order published in the Official Gazette, not inconsistent with the provisions of this Chapter, remove the difficulty:

32 of 1994.

Provided that no such order shall be made after the expiry of a period of one year from the date on which the Finance Bill, 2013 receives the assent of the President.";

(*M*) after section 98, the following section shall be inserted, namely:—

Special provision for taxable services provided by Indian Railways.

"99. Notwithstanding anything contained in section 66, as it stood prior to the 1st day of July, 2012, no service tax shall be levied or collected in respect of taxable services provided by the Indian Railways during the period prior to the 1st day of July, 2012, to the extent notices have been issued under section 73, up to the 28th day of February, 2013.".

CHAPTER VI

SERVICE TAX VOLUNTARY COMPLIANCE ENCOURAGEMENT SCHEME, 2013

Short title.

94. This Scheme may be called the Service Tax Voluntary Compliance Encouragement Scheme, 2013.

Definitions.

95. (*1*) In this Scheme, unless the context otherwise requires,—

(*a*) "Chapter" means Chapter V of the Finance Act, 1994; 32 of 1994.

(*b*) "declarant" means any person who makes a declaration under sub-section (*1*) of section 97;

(*c*) "designated authority" means an officer not below the rank of Assistant Commissioner of Central Excise as notified by the Commissioner of Central Excise for the purposes of this Scheme;

(*d*) "prescribed" means prescribed by rules made under this Scheme;

(*e*) "tax dues" means the service tax due or payable under the Chapter or any other amount due or payable under section 73A thereof, for the period beginning from the 1st day of October, 2007 and ending on the 31st day of December, 2012 including a cess leviable thereon under any other Act for the time being in force, but not paid as on the 1st day of March, 2013.

(*2*) Words and expressions used herein and not defined but defined in the Chapter or the rules made thereunder shall have the meanings respectively assigned to them in the Chapter or the rules made thereunder.

Person who may make declaration of tax dues.

96. (*1*) Any person may declare his tax dues in respect of which no notice or an order of determination under section 72 or section 73 or section 73A of the Chapter has been issued or made before the 1st day of March, 2013:

Provided that any person who has furnished return under section 70 of the Chapter and disclosed his true liability, but has not paid the disclosed amount of service tax or any part thereof, shall not be eligible to make declaration for the period covered by the said return:

Provided further that where a notice or an order of determination has been issued to a person in respect of any period on any issue, no declaration shall be made of his tax dues on the same issue for any subsequent period.

(*2*) Where a declaration has been made by a person against whom,—

(*a*) an inquiry or investigation in respect of a service tax not levied or not paid or short-levied or short-paid has been initiated by way of —

(*i*) search of premises under section 82 of the Chapter; or

(*ii*) issuance of summons under section 14 of the Central Excise Act, 1944, as made applicable to the Chapter under section 83 thereof; or 1 of 1944.

(*iii*) requiring production of accounts, documents or other evidence under the Chapter or the rules made thereunder; or

(*b*) an audit has been initiated,

and such inquiry, investigation or audit is pending as on the 1st day of March, 2013, then, the designated authority shall, by an order, and for reasons to be recorded in writing, reject such declaration.

Procedure for making declaration and payment of tax dues.

97. (*1*) Subject to the provisions of this Scheme, a person may make a declaration to the designated authority on or before the 31st day of December, 2013 in such form and in such manner as may be prescribed.

(*2*) The designated authority shall acknowledge the declaration in such form and in such manner as may be prescribed.

(*3*) The declarant shall, on or before the 31st day of December, 2013, pay not less than fifty per cent. of the tax dues so declared under sub-section (*1*) and submit proof of such payment to the designated authority.

(*4*) The tax dues or part thereof remaining to be paid after the payment made under sub-section (*3*) shall be paid by the declarant on or before the 30th day of June, 2014:

Provided that where the declarant fails to pay said tax dues or part thereof on or before the said date, he shall pay the same on or before the 31st day of December, 2014 along with interest thereon, at such rate as is fixed under section 75 or, as the case may be, section 73B of the Chapter for the period of delay starting from the 1st day of July, 2014.

(*5*) Notwithstanding anything contained in sub-section (*3*) and sub-section (*4*), any service tax which becomes due or payable by the declarant for the month of January, 2013 and subsequent months shall be paid by him in accordance with the provisions of the Chapter and accordingly, interest for delay in payment thereof, shall also be payable under the Chapter.

(*6*) The declarant shall furnish to the designated authority details of payment made from time to time under this Scheme along with a copy of acknowledgement issued to him under sub-section (*2*).

(*7*) On furnishing the details of full payment of declared tax dues and the interest, if any, payable under the proviso to sub-section (*4*) the designated authority shall issue an acknowledgement of discharge of such dues to the declarant in such form and in such manner as may be prescribed.

Immunity from penalty, interest and other proceeding.

98. (*1*) Notwithstanding anything contained in any provision of the Chapter, the declarant, upon payment of the tax dues declared by him under sub-section (*1*) of section 97 and the interest payable under the proviso to sub-section (*4*) thereof, shall get immunity from penalty, interest or any other proceeding under the Chapter.

(*2*) Subject to the provisions of section 101, a declaration made under sub-section (*1*) of section 97 shall become conclusive upon issuance of acknowledgement of discharge under sub-section (*7*) of section 97 and no matter shall be reopened thereafter in any proceedings under the Chapter before any authority or court relating to the period covered by such declaration.

No refund of amount paid under the Scheme.

99. Any amount paid in pursuance of a declaration made under sub-section (*1*) of section 97 shall not be refundable under any circumstances.

Tax dues declared but not paid.

100. Where the declarant fails to pay the tax dues, either fully or in part, as declared by him, such dues along with interest thereon shall be recovered under the provisions of section 87 of the Chapter.

Failure to make true declaration.

101. (*1*) Where the Commissioner of Central Excise has reasons to believe that the declaration made by a declarant under this Scheme was substantially false, he may, for reasons to be recorded in writing, serve notice on the declarant in respect of such declaration requiring him to show cause why he should not pay the tax dues not paid or short-paid.

(*2*) No action shall be taken under sub-section (*1*) after the expiry of one year from the date of declaration.

(*3*) The show cause notice issued under sub-section (*1*) shall be deemed to have been issued under section 73, or as the case may be, under section 73A of the Chapter and the provisions of the Chapter shall accordingly apply.

Removal of doubts.

102. For the removal of doubts, it is hereby declared that nothing contained in this Scheme shall be construed as conferring any benefit, concession or immunity on the declarant other than the benefit, concession or immunity granted under section 98.

Power to remove difficulties.

103. (*1*) If any difficulty arises in giving effect to the provisions of this Scheme, the Central Government may, by order, not inconsistent with the provisions of this Scheme, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the date on which the provisions of this Scheme come into force.

(*2*) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

Power to make rules.

104. (*1*) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Scheme.

(*2*) Without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the form and the manner in which a declaration may be made under sub-section (*1*) of section 97;

(*b*) the form and the manner of acknowledging the declaration under sub-section (*2*) of section 97;

(*c*) the form and the manner of issuing the acknowledgement of discharge of tax dues under sub-section (*7*) of section 97;

(*d*) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules.

(*3*) The Central Government shall cause every rule made under this Scheme to be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

CHAPTER VII

COMMODITIES TRANSACTION TAX

Extent, commencement and application.

105. (*1*) This Chapter extends to the whole of India.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

(*3*) It shall apply to taxable commodities transactions entered into on or after the commencement of this Chapter.

Definitions.

106. In this Chapter, unless the context otherwise requires,—

(*1*) "Appellate Tribunal" means the Appellate Tribunal constituted under section 252 of the Income-tax Act, 1961; 43 of 1961.

(*2*) "Assessing Officer" means the Income-tax Officer or Assistant Commissioner of Income-tax or Deputy Commissioner of Income-tax or Joint Commissioner of Income-tax or Additional Commissioner of Income-tax who is authorised by the Board to exercise or perform all or any of the powers and functions conferred on, or assigned to, an Assessing Officer under this Chapter;

(*3*) "Board" means the Central Board of Direct Taxes constituted under the Central Boards of Revenue Act, 1963; 54 of 1963.

(*4*) "commodities transaction tax" means tax leviable on the taxable commodities transactions under the provisions of this Chapter;

(*5*) "commodity derivative" means—

(*i*) a contract for delivery of goods which is not a ready delivery contract; or

(*ii*) a contract for differences which derives its value from prices or indices of prices—

(*A*) of such underlying goods; or

(*B*) of related services and rights, such as warehousing and freight; or

(*C*) with reference to weather and similar events and activities,

having a bearing on the commodity sector;

(*6*) "prescribed" means prescribed by rules made under this Chapter;

(*7*) "taxable commodities transaction" means a transaction of sale of commodity derivatives in respect of commodities, other than agricultural commodities, traded in recognised associations;

74 of 1952.
43 of 1961.

(*8*) words and expressions used but not defined in this Chapter and defined in the Forward Contracts (Regulation) Act, 1952, the Income-tax Act, 1961, or the rules made thereunder, shall have the meanings respectively assigned to them in those Acts.

Charge of commodities transaction tax.

107. On and from the date of commencement of this Chapter, there shall be charged a commodities transaction tax in respect of every taxable commodities transaction, being sale of commodity derivative, at the rate of 0.01 per cent. on the value of such transaction and such tax shall be payable by the seller.

Value of taxable commodities transaction.

108. The value of a taxable commodities transaction referred to in section 107 shall, with reference to such transaction, be the price at which the commodity derivative is traded.

Collection and recovery of commodities transaction tax.

109. (*1*) Every recognised association (hereinafter in this Chapter referred to as assessee) shall collect the commodities transaction tax from the seller who enters into a taxable commodities transaction in that recognised association at the rate specified in section 107.

(*2*) The commodities transaction tax collected during any calendar month in accordance with the provisions of sub-section (*1*) shall be paid by every assessee to the credit of the Central Government by the seventh day of the month immediately following the said calendar month.

(*3*) Any assessee who fails to collect the tax in accordance with the provisions of sub-section (*1*) shall, notwithstanding such failure, be liable to pay the tax to the credit of the Central Government in accordance with the provisions of sub-section (*2*).

Furnishing of return.

110. (*1*) Every assessee shall, within the prescribed time after the end of each financial year, prepare and deliver or cause to be delivered to the Assessing Officer or to any other authority or agency authorised by the Board in this behalf, a return in such form, verified in such manner and setting forth such particulars as may be prescribed, in respect of all taxable commodities transactions entered into during such financial year in that recognised association.

(*2*) Where any assessee fails to furnish the return under sub-section (*1*) within the prescribed time, the Assessing Officer may issue a notice to such assessee and serve it upon him, requiring him to furnish the return in the prescribed form and verified in the prescribed manner setting forth such particulars within such time as may be prescribed.

(*3*) An assessee who has not furnished the return within the time prescribed under sub-section (*1*) or sub-section (*2*), or having furnished a return under sub-section (*1*) or sub-section (*2*) notices any omission or wrong statement therein, may furnish a return or a revised return, as the case may be, at any time before the assessment is made.

Assessment.

111. (*1*) For the purposes of making an assessment under this Chapter, the Assessing Officer may serve on any assessee, who has furnished a return under section 110 or upon whom a notice has been served under sub-section (*2*) of that section (whether a return has been furnished or not), a notice requiring him to produce or cause to be produced on a date to be specified therein such accounts or documents or other evidence as the Assessing Officer may require for the purposes of this Chapter and may, from time to time, serve further notices requiring the production of such further accounts or documents or other evidence as he may require.

(*2*) The Assessing Officer, after considering such accounts, documents or other evidence, if any, as he has obtained under sub-section (*1*) and after taking into account any other relevant material which he has gathered, shall, by an order in writing, assess the value of taxable commodities transactions during the relevant financial year and determine the commodities transaction tax payable or the refund due on the basis of such assessment:

Provided that no assessment shall be made under this sub-section after the expiry of two years from the end of the relevant financial year.

(*3*) Every assessee, in case any amount is refunded to it on assessment under sub-section (*2*), shall, within such time as may be prescribed, refund such amount to the seller from whom such amount was collected.

Rectification of mistake.

112. (*1*) With a view to rectifying any mistake apparent from the record, the Assessing Officer may amend any order passed by him under the provisions of this Chapter within one year from the end of the financial year in which the order sought to be amended was passed.

(*2*) Where any matter has been considered and decided in any proceeding by way of appeal relating to an order referred to in sub-section (*1*), the Assessing Officer passing such order may, notwithstanding anything contained in any other law for the time being in force, amend the order under that sub-section in relation to any matter other than the matter which has been so considered and decided.

(*3*) Subject to the other provisions of this section, the Assessing Officer may make an amendment under sub-section (*1*), either *suo motu* or on any mistake brought to his notice by the assessee.

(*4*) An amendment, which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee, shall not be made under this section unless the Assessing Officer has given notice to the assessee of his intention so to do and has given the assessee a reasonable opportunity of being heard.

(*5*) An order of amendment under this section shall be made by the Assessing Officer in writing.

(*6*) Subject to the other provisions of this Chapter, where any such amendment has the effect of reducing the assessment, the Assessing Officer shall make the refund, which may be due to such assessee.

(*7*) Where any such amendment has the effect of enhancing the assessment or reducing the refund already made, the Assessing Officer shall make an order specifying the sum payable by the assessee and the provisions of this Chapter shall apply accordingly.

Interest on delayed payment of commodities transaction tax.

113. Every assessee, who fails to credit the commodities transaction tax or any part thereof as required under section 109 to the account of the Central Government within the period specified in that section, shall pay simple interest at the rate of one per cent. of such tax for every month or part of a month by which such crediting of the tax or any part thereof is delayed.

Penalty for failure to collect or pay commodities transaction tax.

114. Any assessee who—

(*a*) fails to collect the whole or any part of the commodities transaction tax as required under section 109; or

(*b*) having collected the commodities transaction tax, fails to pay such tax to the credit of the Central Government in accordance with the provisions of sub-section (*2*) of that section,

shall be liable to pay,—

(*i*) in the case referred to in clause (*a*), in addition to paying the tax in accordance with the provisions of sub-section (*3*) of that section, or interest, if any, in accordance with the provisions of section 113, by way of penalty, a sum equal to the amount of commodities transaction tax that he failed to collect; and

(*ii*) in the case referred to in clause (*b*), in addition to paying the tax in accordance with the provisions of sub-section (*2*) of that section and interest in accordance with the provisions of section 113, by way of penalty, a sum of one thousand rupees for every day during which the failure continues; so, however, that the penalty under this clause shall not exceed the amount of commodities transaction tax that he failed to pay.

Penalty for failure to furnish return.

115. Where an assessee fails to furnish the return within the time prescribed under sub-section (*1*) or sub-section (*2*) of section 110, he shall be liable to pay, by way of penalty, a sum of one hundred rupees for each day during which the failure continues.

Penalty for failure to comply with notice.

116. If the Assessing Officer in the course of any proceedings under this Chapter is satisfied that the assessee has failed to comply with a notice under sub-section (*1*) of section 111, he may direct that such assessee shall pay, by way of penalty, in addition to any commodities transaction tax and interest, if any, payable by him, a sum of ten thousand rupees for each such failure.

Penalty not to be imposed in certain cases.

117. (*1*) Notwithstanding anything contained in section 114 or section 115 or section 116, no penalty shall be imposable for any failure referred to in the said sections, if the assessee proves to the satisfaction of the Assessing Officer that there was reasonable cause for the said failure.

(*2*) No order imposing a penalty under this Chapter shall be made unless the assessee has been given a reasonable opportunity of being heard.

Application of certain provision of Income-tax Act.

43 of 1961.

118. The provisions of sections 120, 131, 133A, 156, 178, 220 to 227, 229, 232, 260A, 261, 262, 265 to 269, 278B, 282 and 288 to 293 of the Income-tax Act, 1961 shall apply, so far as may be, in relation to commodities transaction tax, as they apply in relation to income-tax.

Appeal to Commissioner of Income-tax (Appeals).

119. (*1*) An assessee aggrieved by any assessment order made by the Assessing Officer under section 111 or any order under section 112, or denying his liability to be assessed under this Chapter, or by an order imposing penalty under this Chapter, may appeal to the Commissioner of Income-tax (Appeals) within thirty days from the date of receipt of the order of the Assessing Officer.

(*2*) An appeal under sub-section (*1*) shall be in such form and verified in such manner as may be prescribed and shall be accompanied by a fee of one thousand rupees.

(*3*) Where an appeal has been filed under sub-section (*1*), the provisions of sections 249 to 251 of the Income-tax Act, 1961, shall, as far as may be, apply to such appeal.

43 of 1961.

Appeal to Appellate Tribunal.

120. (*1*) An assessee aggrieved by an order made by a Commissioner of Income-tax (Appeals) under section 119 may appeal to the Appellate Tribunal against such order.

(*2*) The Commissioner of Income-tax may, if he objects to any order passed by the Commissioner of Income-tax (Appeals) under section 119, direct the Assessing Officer to appeal to the Appellate Tribunal against such order.

(*3*) An appeal under sub-section (*1*) or sub-section (*2*) shall be filed within sixty days from the date on which the order sought to be appealed against is received by the assessee or by the Commissioner of Income-tax, as the case may be.

(*4*) An appeal under sub-section (*1*) or sub-section (*2*) shall be in such form and verified in such manner as may be prescribed and, in the case of an appeal filed under sub-section (*1*), it shall be accompanied by a fee of one thousand rupees.

(*5*) Where an appeal has been filed before the Appellate Tribunal under sub-section (*1*) or sub-section (*2*), the provisions of sections 253 to 255 of the Income-tax Act, 1961, shall, as far as may be, apply to such appeal. 43 of 1961.

Punishment for false statement.

121. (*1*) If a person makes a false statement in any verification under this Chapter or any rule made thereunder, or delivers an account or statement, which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable with imprisonment for a term which may extend to three years and with fine.

(*2*) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, an offence punishable under sub-section (*1*) shall be deemed to be non-cognizable within the meaning of that Code. 2 of 1974.

Institution of prosecution.

122. No prosecution shall be instituted against any person for any offence under section 121 except with the previous sanction of the Chief Commissioner of Income-tax.

Power to make rules.

123. (*1*) The Central Government may, by notification in the Official Gazette, make rules for carrying out the provisions of this Chapter.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the time within which and the form and the manner in which the return shall be delivered or caused to be delivered or furnished under section 110;

(*b*) the form in which an appeal may be filed and the manner in which it may be verified under sections 119 and 120.

(*3*) Every rule made under this Chapter shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Power to remove difficulties.

124. (*1*) If any difficulty arises in giving effect to the provisions of this Chapter, the Central Government may, by order published in the Official Gazette, not inconsistent with the provisions of this Chapter, remove the difficulty:

Provided that no such order shall be made after the expiry of a period of two years from the date on which the provisions of this Chapter come into force.

(*2*) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

CHAPTER VIII

MISCELLANEOUS

Amendment of Act 23 of 2004.

125. In the Finance (No. 2) Act, 2004, in section 98, in the Table, with effect from the 1st day of June, 2013,—

(*i*) against Sl. No. 1, under column (2) relating to taxable securities transaction,—

(*A*) the words "or a unit of an equity oriented fund," shall be omitted;

(*B*) in item (*b*), the words "or unit", at both the places where they occur, shall be omitted;

(*ii*) against Sl. No. 2, under column (2) relating to taxable securities transaction,—

(*A*) the words "or a unit of an equity oriented fund," shall be omitted;

(*B*) in item (*b*), the words "or unit", at both the places where they occur, shall be omitted;

(*iii*) after serial number 2 and the entries relating thereto, the following serial number and entries shall be inserted, namely:—

Sl. No.	Taxable securities transaction	Rate	Payable by
(1)	(2)	(3)	(4)
"2A	Sale of a unit of an equity oriented fund, where— (*a*) the transaction of such sale is entered into in a recognised stock exchange; and (*b*) the contract for the sale of such unit is settled by the actual delivery or transfer of such unit.	0.001 per cent.	Seller";

(*iv*) against Sl. No. 4, in item (*c*), under column (3) relating to rate, for the figures "0.017", the figures "0.01" shall be substituted;

(*v*) against Sl. No. 5, under column (3) relating to rate, for the figures "0.25", the figures "0.001" shall be substituted.

Declaration under the Provisional Collection of Taxes Act, 1931

It is hereby declared that it is expedient in the public interest that the provisions of clauses 76, 77 (b), 91 and 92 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

16 of 1931.

THE FIRST SCHEDULE

(*See* section 2)

PART I

INCOME-TAX

Paragraph A

(*I*) In the case of every individual other than the individual referred to in items (*II*) and (*III*) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (31) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(1)	where the total income does not exceed Rs. 2,00,000	*Nil*;
(2)	where the total income exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000	10 per cent. of the amount by which the total income exceeds Rs. 2,00,000;
(3)	where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 30,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(4)	where the total income exceeds Rs. 10,00,000	Rs. 1,30,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

(*II*) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

Rates of income-tax

(1)	where the total income does not exceed Rs. 2,50,000	*Nil;*
(2)	where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	10 per cent. of the amount by which the total income exceeds Rs. 2,50,000;
(3)	where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 25,000 *plus* 20 per cent. of the amount by the total income exceeds Rs. 5,00,000;
(4)	where the total income exceeds Rs. 10,00,000	Rs. 1,25,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

(*III*) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

Rates of income-tax

(1)	where the total income does not exceed Rs. 5,00,000	*Nil;*
(2)	where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(3)	where the total income exceeds Rs. 10,00,000	Rs. 1,00,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1)	where the total income does not exceed Rs.10,000	10 per cent. of the total income;
(2)	where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000	Rs.1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs.10,000;

(3) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income	30 per cent.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	30 per cent.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company	30 per cent. of the total income;
II. In the case of a company other than a domestic company—	
(*i*) on so much of the total income as consists of,—	
(*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or	
(*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,	
and where such agreement has, in either case, been approved by the Central Government	50 per cent.;
(*ii*) on the balance, if any, of the total income	40 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every company, be increased by a surcharge for purposes of the Union calculated,—

(*i*) in the case of every domestic company having a total income exceeding one crore rupees, at the rate of five per cent. of such income-tax;

(*ii*) in the case of every company other than a domestic company having a total income exceeding one crore rupees, at the rate of two per cent. of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

PART II

RATES FOR DEDUCTION OF TAX AT SOURCE IN CERTAIN CASES

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to the deduction at the following rates:—

	Rate of income-tax
1. In the case of a person other than a company—	
(*a*) where the person is resident in India—	
(*i*) on income by way of interest other than "Interest on securities"	10 per cent ;
(*ii*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent ;
(*iii*) on income by way of winnings from horse races	30 per cent ;
(*iv*) on income by way of insurance commission	10 per cent ;
(*v*) on income by way of interest payable on—	10 per cent ;
(*A*) any debentures or securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;	
(*B*) any debentures issued by a company where such debentures are listed on a recognised stock exchange in accordance with the Securities Contracts (Regulation) Act, 1956 (42 of 1956) and any rules made thereunder;	
(*C*) any security of the Central or State Government;	
(*vi*) on any other income	10 per cent.;
(*b*) where the person is not resident in India—	
(*i*) in the case of a non-resident Indian—	
(*A*) on any investment income	20 per cent ;
(*B*) on income by way of long-term capital gains referred to in section 115E or sub-clause (*iii*) of clause (*c*) of sub-section (*1*) of section 112	10 per cent ;
(*C*) on income by way of short-term capital gains referred to in section 111A	15 per cent ;
(*D*) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (*33*), (*36*) and (*38*) of section 10]	20 per cent ;
(*E*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent ;
(*F*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it, on or after the 1st day of April, 1976, with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India	25 per cent ;
(*G*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*)(*i*)(*F*)] payable by Government or an Indian concern in pursuance of an agreement made by it, on or after the 1st day of April, 1976, with the Government or the Indian concern and where such	25 per cent ;

	Rate of income-tax
agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	
(*H*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it, on or after the 1st day of April, 1976, with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	25 per cent ;
(*I*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent ;
(*J*) on income by way of winnings from horse races	30 per cent ;
(*K*) on the whole of the other income 30 per cent.;	30 per cent ;
(*ii*) in the case of any other person—	
(*A*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent ;
(*B*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it, on or after the 1st day of April, 1976, with the Government or the Indian concern where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India	25 per cent ;
(*C*) on income by way of royalty [not being royalty of the nature referred to in sub-item (*b*)(*ii*)(*B*)] payable by Government or an Indian concern in pursuance of an agreement made by it, on or after the 1st day of April, 1976, with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	25 per cent ;
(*D*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it, on or after the 1st day of April, 1976, with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy	25 per cent ;
(*E*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent ;
(*F*) on income by way of winnings from horse races	30 per cent ;

	Rate of income-tax
(*G*) on income by way of short-term capital gains referred to in section 111A	15 per cent ;
(*H*) on income by way of long-term capital gains referred to in sub-clause (*iii*) of clause (*c*) of sub-section (*1*) of section 112	10 per cent ;
(*I*) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (*33*), (*36*) and (*38*) of section 10]	20 per cent ;
(*J*) on the whole of the other income	30 per cent ;
2. In the case of a company—	
(*a*) where the company is a domestic company—	
(*i*) on income by way of interest other than "Interest on securities"	30 per cent ;
(*ii*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent ;
(*iii*) on income by way of winnings from horse races	30 per cent ;
(*iv*) on any other income	10 per cent ;
(b) where the company is not a domestic company—	
(*i*) on income by way of winnings from lotteries, crossword puzzles, card games and other games of any sort	30 per cent ;
(*ii*) on income by way of winnings from horse races	30 per cent ;
(*iii*) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency (not being income by way of interest referred to in section 194LB or section 194LC)	20 per cent ;
(*iv*) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976 where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the first proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to the Indian concern, or in respect of any computer software referred to in the second proviso to sub-section (*1A*) of section 115A of the Income-tax Act, to a person resident in India	25 per cent ;
(*v*) on income by way of royalty [not being royalty of the nature referred to in sub-item (b)(iv)] payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*A*) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent ;
(*B*) where the agreement is made after the 31st day of March, 1976	25 per cent ;
(*vi*) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and where such agreement is with an Indian concern, the agreement is approved by the Central Government or where it relates to a matter included in the	

	Rate of income-tax
industrial policy, for the time being in force, of the Government of India, the agreement is in accordance with that policy—	
(*A*) where the agreement is made after the 29th day of February, 1964 but before the.; 1st day of April, 1976	50 per cent ;
(*B*) where the agreement is made after the 31st day of March, 1976	25 per cent ;
(*vii*) on income by way of short-term capital gains referred to in section 111A	15 per cent ;
(*viii*) on income by way of long-term capital gains referred to in sub-clause (iii) of clause (*c*) of sub-section (*1*) of section 112	10 per cent ;
(*ix*) on other income by way of long-term capital gains [not being long-term capital gains referred to in clauses (33), (36) and (38) of section 10]	20 per cent ;
(*x*) on any other income	40 per cent ;

Explanation.— For the purpose of item 1(b)(i) of this Part, "investment income" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A of the Income-tax Act.

Surcharge on income-tax

The amount of income-tax deducted in accordance with the provisions of—

(*i*) item 1 of this Part, shall be increased by a surcharge, for purposes of the Union, in the case of every person being a nonresident, calculated at the rate of ten per cent. of such tax, where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees;

(*ii*) item 2 of this Part, shall be increased by a surcharge, for purposes of the Union, in the case of every company other than a domestic company, calculated,—

(*a*) at the rate of two per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds one crore rupees but does not exceed ten crore rupees; and

(*b*) at the rate of five per cent. of such income-tax where the income or the aggregate of such incomes paid or likely to be paid and subject to the deduction exceeds ten crore rupees.

PART III

RATES FOR CHARGING INCOME-TAX IN CERTAIN CASES, DEDUCTING INCOME-TAX FROM INCOME CHARGEABLE UNDER THE HEAD "SALARIES" AND COMPUTING "ADVANCE TAX"

In cases in which income-tax has to be charged under sub-section (*4*) of section 172 of the Income-tax Act or sub-section (*2*) of section 174 or section 174A or section 175 or sub-section (*2*) of section 176 of the said Act or deducted from, or paid on, from income chargeable under the head "salaries" under section 192 of the said Act or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed at the rate or rates in force, such income-tax or, as the case may be, "advance tax" [not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or income chargeable to tax under section 115JB or section 115JC or sub-section (*1A*) of section 161 or section 164 or section 164A or section 167B of the Income-tax Act at the rates as specified in that Chapter or section or surcharge, wherever applicable, on such "advance tax" in respect of any income chargeable to tax under section 115A or section 115AB or section 115AC or section 115ACA or section 115AD or section 115B or section 115BB or section 115BBA or section 115BBC or section 115BBD or section 115BBE or section 115E or section 115JB or section 115JC] shall be charged, deducted or computed at the following rate or rates:—

Paragraph A

(*I*) In the case of every individual other than the individual referred to in items (*II*) and (*III*) of this Paragraph or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies,—

Rates of income-tax

(1)	where the total income does not exceed Rs. 2,00,000	*Nil;*
(2)	where the total income exceeds Rs. 2,00,000 but does not exceed Rs. 5,00,000	10 per cent. of the amount by which the total income exceeds Rs. 2,00,000;
(3)	where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 30,000 *plus* 20 per cent of the amount by which the total income exceeds Rs. 5,00,000;
(4)	where the total income exceeds Rs. 10,00,000	Rs. 1,30,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

(*II*) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than eighty years at any time during the previous year,—

Rates of income-tax

(1)	where the total income does not exceed Rs. 2,50,000	*Nil;*
(2)	where the total income exceeds Rs. 2,50,000 but does not exceed Rs. 5,00,000	10 per cent. of the amount by which the total income exceeds Rs. 2,50,000;
(3)	where the total income exceeds Rs. 5,00,000 but does not exceed Rs. 10,00,000	Rs. 25,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(4)	where the total income exceeds Rs. 10,00,000	Rs. 1,25,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

(*III*) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year,—

Rates of income-tax

(1)	where the total income does not exceed Rs.5,00,000	*Nil;*
(2)	where the total income exceeds Rs.5,00,000 but does not exceed Rs. 10,00,000	20 per cent. of the amount by which the total income exceeds Rs. 5,00,000;
(3)	where the total income exceeds Rs. 10,00,000	Rs. 1,00,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 10,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, having a total income exceeding one crore rupees, be increased by a surcharge for the purpose of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of persons mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs.10,000	10 per cent. of the total income;
(2) where the total income exceeds Rs.10,000 but does not exceed Rs. 20,000	Rs.1,000 *plus* 20 per cent. of the amount by which the total income exceeds Rs.10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 3,000 *plus* 30 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every co-operative society, having a total income exceeding one crore rupees, be increased by a surcharge for the purpose of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of every co-operative society mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph C

In the case of every firm,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every firm, having a total income exceeding one crore rupees, be increased by a surcharge for the purpose of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of every firm mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income	30 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, in the case of every local authority, having a total income exceeding one crore rupees, be increased by a surcharge for the purpose of the Union calculated at the rate of ten per cent. of such income-tax:

Provided that in the case of every local authority mentioned above having total income exceeding one crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company 30 per cent. of the total income;

II. In the case of a company other than a domestic company—

(*i*) on so much of the total income as consists of,—

(*a*) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976; or

(*b*) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.;

(*ii*) on the balance, if any, of the total income 40 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph, or in section 111A or section 112, shall, be increased by a surcharge for purposes of the Union calculated,—

(*i*) in the case of every domestic company,—

(*a*) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of five per cent. of such income-tax; and

(*b*) having a total income exceeding ten crore rupees, at the rate of ten per cent. of such income-tax;

(*ii*) in the case of every company other than a domestic company,—

(*a*) having a total income exceeding one crore rupees but not exceeding ten crore rupees, at the rate of two per cent. of such income-tax; and

(*b*) having a total income exceeding ten crore rupees, at the rate of five per cent. of such income-tax:

Provided that in the case of every company having a total income exceeding one crore rupees but not exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax on a total income of one crore rupees by more than the amount of income that exceeds one crore rupees:

Provided further that in the case of every company having a total income exceeding ten crore rupees, the total amount payable as income-tax and surcharge on such income shall not exceed the total amount payable as income-tax and surcharge on a total income of ten crore rupees by more than the amount of income that exceeds ten crore rupees.

PART IV

[*See* section 2(*13*)(*c*)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1.—Agricultural income of the nature referred to in sub-clause (*a*) of clause (*1A*) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (*2*) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (*3*) and (*4*) of section 40A.

Rule 2.—Agricultural income of the nature referred to in sub-clause (*b*) or sub-clause (*c*) of clause (*1A*) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling-house by the receiver of the rent or revenue of the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (*c*)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 36, 37, 38, 40, 40A [other than sub-sections (*3*) and (*4*) thereof], 41, 43, 43A, 43B and 43C of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3.—Agricultural income of the nature referred to in sub-clause (*c*) of clause (*1A*) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling-house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (*c*) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly.

Rule 4.—Notwithstanding anything contained in any other provisions of these rules, in a case—

(*a*) where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee;

(*b*) where the assessee derives income from sale of centrifuged latex or cenex or latex based crepes (such as pale latex crepe) or brown crepes (such as estate brown crepe, re-milled crepe, smoked blanket crepe or flat bark crepe) or technically specified block rubbers manufactured or processed by him from rubber plants grown by him in India, such income shall be computed in accordance with rule 7A of the Income-tax Rules, 1962, and sixty-five per cent. of such income shall be regarded as the agricultural income of the assessee;

(*c*) where the assessee derives income from sale of coffee grown and manufactured by him in India, such income shall be computed in accordance with rule 7B of the Income-tax Rules, 1962, and sixty per cent. or seventy-five per cent., as the case may be, of such income shall be regarded as the agricultural income of the assessee.

Rule 5.—Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6.—Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 7.—Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 8.—(*1*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2013, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2005 or the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April. 2012, is a loss, then, for the purposes of sub-section (*2*) of section 2 of this Act,—

(*i*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2005, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012,

(*vi*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012,

(*vii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2012,

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2012,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2013.

(*2*) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 2014, or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 2006 or the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013, is a loss, then, for the purposes of sub-section (*10*) of section 2 of this Act,—

(*i*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2006, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2007 or the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,

(*ii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2007, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2008 or the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,

(*iii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2008, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2009 or the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,

(*iv*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2009, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2010 or the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,

(*v*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2010, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2011 or the 1st day of April, 2012 or the 1st day of April, 2013,

(*vi*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2011, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2012 or the 1st day of April, 2013,

(*vii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2012, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 2013,

(*viii*) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 2013, shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 2014.

(*3*) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (*1*) or sub-rule (*2*) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (*1*) or, as the case may be, sub-rule (*2*).

(*4*) Notwithstanding anything contained in this rule, no loss which has not been determined by the Assessing Officer under the provisions of these rules or the rules contained in the First Schedule to the Finance Act, 2005 (18 of 2005), or of the First Schedule to the Finance Act, 2006 (21 of 2006) or of the First Schedule to the Finance Act, 2007 (22 of 2007) or of the First Schedule to the Finance Act, 2008 (18 of 2008) or of the First Schedule to the Finance (No. 2) Act, 2009 (33 of 2009) or of the First Schedule to the Finance Act, 2010 (14 of 2010) or of the First Schedule to the Finance Act, 2011 (8 of 2011) or of the First Schedule to the Finance Act, 2012 (23 of 2012) shall be set off under sub-rule (*1*) or, as the case may be, sub-rule (*2*).

Rule 9.—Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be *nil*.

Rule 10.—The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 11.—For the purposes of computing the net agricultural income of the assessee, the Assessing Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

(*See* section 75)

Notification number and date	Amendment	Date of effect of amendment
(1)	(2)	(3)
G.S.R. 153(E), dated the 1st day of March, 2011 [27/2011-Customs, dated the 1st day of March, 2011.]	In the said notification, in the Table, against Sl. No. 56, for the entry in column (2), the entry "7210, 7212" shall be substituted.	1st day of March, 2011.

THE THIRD SCHEDULE

(*See* section 76)

In the First Schedule to the Customs Tariff Act,—

(1) in Chapter 3,—

(a) in tariff item 0302 24 00, for the entry in column (2), the entry "Turbots (*Psetta maxima*)" shall be substituted;

(b) in tariff item 0303 34 00, for the entry in column (2), the entry "Turbots (*Psetta maxima*)" shall be substituted;

(2) in Chapter 15, tariff item 1517 90 20 and the entries relating thereto shall be omitted;

(3) in Chapter 48,—

(a) the Note 13 shall be omitted;

(b) after the Sub-heading Note 7, the following shall be inserted, namely :—

" Supplementary Notes:

Notwithstanding anything contained in Note 12, if paper and paper products of heading 4811, 4816 or 4820 are printed with any character, name, logo, motif or format, they shall remain classified under the respective headings as long as such products are intended to be used for further printing or writing.";

(4) in Chapter 87, for the entry in column (4) occurring against all the tariff items of heading 8703, the entry "125%" shall be substituted;

(5) in Chapter 89, for the entry in column (4) occurring against all the tariff items of heading 8903, the entry "25% " shall be substituted.

THE FOURTH SCHEDULE

[*See* section 77(b)]

In the Second Schedule to the Customs Tariff Act,—

(1) after Sl. No.9 and the entries relating thereto, the following Sl. No. and entries shall be inserted, namely:—

(1)	(2)	(3)	(4)
"9A.	1701	Raw sugar, white or refined sugar	20%";

(2) after Sl. No.23 and the entries relating thereto, the following Sl. No. and entries shall be inserted, namely:—

(1)	(2)	(3)	(4)
"23A.	2606 00 10	Bauxite (natural), not calcined	30%
23B.	2606 00 20	Bauxite (natural), calcined	30%";

(3) after Sl. No.24 and the entries relating thereto, the following Sl. No. and entries shall be inserted, namely:—

(1)	(2)	(3)	(4)
"24A.	2614 00 10	Ilmenite, unprocessed	30%
24B.	2614 00 20	Ilmenite, upgraded (beneficiated ilmenite including ilmenite ground)	30%".

THE FIFTH SCHEDULE

(*See* section 91)

In the Third Schedule to the Central Excise Act,—

(*a*) after S.No. 31 and the entries relating thereto, the following S. No. and entries shall be inserted, namely:—

S.No.	Heading, sub-heading or tariff item	Description of goods
(1)	(2)	(3)
"31A.	3004	(i) Medicaments exclusively used in Ayurvedic, Unani, Siddha, Homoeopathic or Bio-chemic systems, manufactured in accordance with the formulae described in the authoritative books specified in the First Schedule to the Drugs and Cosmetics Act, 1940 (23 of 1940) or Homoeopathic Pharmacopoeia of India or the United States of America or the United Kingdom or the German Homoeopathic Pharmacopoeia, as the case may be, and sold under the name as specified in such books or pharmacopoeia; (ii) Medicaments exclusively used in Ayurvedic, Unani, Siddha, Homoeopathic or Bio-chemic systems and sold under a brand name. *Explanation.*— For the purposes of this entry, "brand name" means a brand name, whether registered or not, that is to say, a name or a mark, such as a symbol, monogram, label, signature or invented words or any writing which is used in relation to a medicament, for the purpose of indicating, or so as to indicate, a connection in the course of trade between the medicament and some person using such name or mark with or without any indication of the identity of that person.";

(*b*) against S.No.64, for the entry in column (2), the entry "7615 10 11" shall be substituted.

THE SIXTH SCHEDULE

(*See* section 92)

In the First Schedule to the Central Excise Tariff Act,—

(1) in Chapter 3,—

(a) in tariff item 0302 24 00, for the entry in column (2), the entry "Turbots (*Psetta maxima*)" shall be substituted;

(b) in tariff item 0303 34 00, for the entry in column (2), the entry "Turbots (*Psetta maxima*)" shall be substituted;

(2) in Chapter 15, tariff item 1517 90 20 and the entries relating thereto shall be omitted;

(3) in Chapter 24,—

(a) in tariff items 2402 10 10 and 2402 10 20, for the entry in column (4) occurring against each of them, the entry "12% or Rs. 1781 per thousand, whichever is higher" shall be substituted;

(b) in tariff item 2402 20 20, for the entry in column (4), the entry "Rs. 1772 per thousand" shall be substituted;

(c) in tariff item 2402 20 40, for the entry in column (4), the entry "Rs. 1249 per thousand" shall be substituted;

(d) in tariff item 2402 20 50, for the entry in column (4), the entry "Rs. 1772 per thousand" shall be substituted;

(e) in tariff item 2402 20 60, for the entry in column (4), the entry "Rs. 2390 per thousand" shall be substituted;

(f) in tariff item 2402 20 90, for the entry in column (4), the entry "Rs. 2875 per thousand" shall be substituted;

(g) in tariff item 2402 90 10, for the entry in column (4), the entry "Rs. 1511 per thousand" shall be substituted;

(h) in tariff items 2402 90 20 and 2402 90 90, for the entry in column (4) occurring against each of them, the entry "12% or Rs.1738 per thousand, whichever is higher" shall be substituted;

(4) in Chapter 87, in tariff items 8703 23 10, 8703 23 91, 8703 23 92, 8703 23 99, 8703 24 10, 8703 24 91, 8703 24 92, 8703 24 99, 8703 32 10, 8703 32 91, 8703 32 92, 8703 32 99, 8703 33 10, 8703 33 91, 8703 33 92, 8703 33 99, 8703 90 90, for the entry in column (4) occurring against each of them, the entry "30%" shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 2013-2014. The notes on clauses explain the various provisions contained in the Bill.

P. CHIDAMBARAM

NEW DELHI;

The 22nd February, 2013.

PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117 AND 274 OF THE CONSTITUTION OF INDIA

[Copy of letter No.F.2(9)-B(D)/2013, dated the 22nd February, 2013 from Shri P. Chidambaram, Minister of Finance, to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill, recommends, under clauses (1) and (3) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 2013 to the Lok Sabha and also recommends to the Lok Sabha the consideration of the Bill.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 2013.

Notes on Clauses

Income-tax

Clause 2, read with the First Schedule to the Bill, specifies the rates at which income-tax is to be levied on income chargeable to tax for the assessment year 2013-14. Further, it lays down the rates at which tax is to be deducted at source during the financial year 2013-14 from income other than "Salaries" subject to such deductions under the Income-tax Act; and the rates at which "advance tax" is to be paid, tax is to be deducted at source from, or paid on, income chargeable under the head "Salaries" and tax is to be calculated and charged in special cases for the financial year 2013-14.

Rates of income-tax for the assessment year 2013-14

Part I of the First Schedule to the Bill specifies the rates at which income is liable to tax for the assessment year 2013-14. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 2012, for the purposes of deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2012-13.

Rates for deduction of tax at source during the financial year 2013-14 *from income other than "Salaries"*

Part II of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source during the financial year 2013-14 from income other than "Salaries". In view of the proposed amendment to section 115A, it is proposed to provide that the income by way of royalty or fees for technical services shall be taxable at a uniform rate of twenty-five per cent; if such income has been received by the non-resident (not being a company) or a foreign company under an agreement entered on or after 1st day of April, 1976. Subject to these modifications, the rates of deduction are the same, as those specified in Part II of the First Schedule to the Finance Act, 2012 for the purposes of deduction of income-tax at source during the financial year 2012-13.

The amount of tax so deducted shall be increased by a surcharge in the case of—

(*i*) every non-resident (other than a company) at the rate of ten per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees;

(*ii*) every company other than a domestic company at the rate of two per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds one crore rupees but does not exceed ten crore rupees;

(*iii*) every company other than a domestic company at the rate of five per cent. where the income or the aggregate of income paid or likely to be paid and subject to deduction exceeds ten crore rupees.

Rates for deduction of tax at source from "Salaries", computation of "advance tax" and charging of income-tax in special cases during the financial year 2013-14

Part III of the First Schedule to the Bill specifies the rates at which income-tax is to be deducted at source from, or paid on, income under the head "Salaries" and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 2013-14.

Paragraph A of this Part specifies the rates of income-tax as under:—

(*i*) in the case of every individual [other than those specifically mentioned in sub-paras (*ii*) and (*iii*)] or Hindu undivided family or every association of persons or

body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (*vii*) of clause (*31*) of section 2 of the Income-tax Act, not being a case to which any other Paragraph of this Part applies:—

Up to Rs. 2,00,000	*Nil*;
Rs. 2,00,001 to Rs. 5,00,000	10 per cent.
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.

(*ii*) In the case of every individual, being a resident in India, who is of the age of sixty years or more but less than the age of eighty years at any time during the previous year:—

Up to Rs. 2,50,000	*Nil*;
Rs. 2,50,001 to Rs. 5,00,000	10 per cent.
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.

(*iii*) In the case of every individual, being a resident in India, who is of the age of eighty years or more at any time during the previous year:—

Up to Rs. 5,00,000	*Nil*;
Rs. 5,00,001 to Rs. 10,00,000	20 per cent.
Above Rs. 10,00,000	30 per cent.

The surcharge in cases of persons referred to in this paragraph, having income above one crore rupees shall be levied at the rate of ten per cent. Marginal relief will be provided.

Paragraph B of this Part specifies the rates of income-tax in the case of every co-operative society. In such cases, the rates of tax will continue to be the same as those specified for assessment year 2013-14. The surcharge in cases of co-operative societies, having income above one crore rupees shall be levied at the rate of ten per cent. Marginal relief will be provided.

Paragraph C of this Part specifies the rate of income-tax in the case of every firm. In such cases, the rate of tax will continue to be the same as that specified for assessment year 2013-14. The surcharge in cases of firms, having income above one crore rupees shall be levied at the rate of ten per cent. Marginal relief will be provided.

Paragraph D of this Part specifies the rate of income-tax in the case of every local authority. In such cases, the rate of tax will continue to be the same as that specified for the assessment year 2013-14. The surcharge in cases of local authorities, having income above one crore rupees shall be levied at the rate of ten per cent. Marginal relief will be provided.

Paragraph E of this Part specifies the rates of income-tax in the case of companies. In both the cases of domestic companies and companies other than domestic companies, the rate of tax will continue to be the same as that specified for the assessment year 2013-14.

Surcharge in the case of domestic companies having income above one crore rupees but not above ten crore rupees shall be levied at the rate of five per cent. In case of domestic companies having income above ten crore rupees, surcharge shall be levied at the rate of ten per cent. In the case of companies other than domestic companies having total income above one crore rupees but not above ten crore rupees, surcharge shall be levied at the rate of two per cent. In the case of companies other than domestic companies having income above ten crore rupees, surcharge shall be levied at the rate of five per cent. Marginal relief will be provided.

In other cases (including sections 115-O, 115TA, 115R, 115QA, etc.) the surcharge will be applicable at the rate of ten per cent.

"Education Cess" at the rate of two per cent. and "Secondary and Higher Education Cess" at the rate of one per cent. shall continue to be levied in all cases covered under Part III of the First Schedule. In the cases covered under Part II of the First Schedule, there will be no levy of Education Cess and Secondary and Higher Education Cess on tax deducted or collected at source in the case of domestic company and any other person who is resident in India. Both the cesses would continue to apply on tax deducted at source in the case of salary payments. These would also continue to be levied in the cases of persons not resident in India and companies other than domestic company.

Clause 3 of the Bill seeks to amend section 2 of the Income-tax Act relating to definitions.

The provision contained in clause (*1A*) of the said section defines the term "agricultural income". Sub-clause (*c*) of the said clause (*1A*) includes any income derived from any building on, or in the immediate vicinity of the land, and is used as a dwelling house, store house or other out-building as required by the receiver of the rent or revenue or the cultivator, in connection with such land, within the definition of "agricultural income". Clause (*ii*) of proviso to sub-clause (*c*) provides that where the land is not assessed by land revenue or subject to a local rate, it should not be situated within the areas as specified in item (*A*) or item (*B*) of clause (*ii*) of the proviso, to qualify income derived from any such building as agricultural income.

It is proposed to amend item (*B*) of clause (*ii*) of the proviso to sub-clause (*c*) of clause (*1A*) of section 2 so as to provide that if the land is situated in any area within the distance, measured aerially, (*I*) not being more than two kilometres, from the local limits of any municipality or cantonment board referred to in item (*A*) and which has a population of more than ten thousand but not exceeding one lakh; or (*II*) not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in item (*A*) and which has a population of more than one lakh but not exceeding ten lakh; or (*III*) not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in item (*A*) and which has a population of more than ten lakh, the income derived from such building on, or in the immediate vicinity of such land will not be agricultural income. An *Explanation* has been inserted to define the expression "population".

The provisions contained in clause (*14*) of the said section, define the term "capital asset" as property of any kind held by an assessee, whether or not connected with his business or profession. Certain categories of properties including agricultural land have been excluded from this definition. Sub-clause (*iii*) of clause 14 provides that (*a*) agricultural land situated in any area within the jurisdiction of a municipality or cantonment board having population of not less than ten thousand according to last preceding census, or (*b*) agricultural land situated in any area within the distance not exceeding eight kilometres from the local limits of any municipality or cantonment board as notified by the Central Government having regard to the extent of and scope for urbanisation and other relevant factors, forms part of capital asset.

It is proposed to amend item (*b*) of sub-clause (*iii*) of clause (*14*) of section 2 so as to provide that the land situated in any area within the distance, measured aerially, (*I*) not being more than two kilometres, from the local limits of any municipality or cantonment board referred to in item (*a*) and which has a population of more than ten thousand but not exceeding one lakh; or (*II*) not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in item (*a*) and which has a population of more than one lakh but not exceeding ten lakh; or (*III*) not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in item (*a*) and which has a population of more than ten lakh shall form part of capital asset. An *Explanation* has been inserted to define the expression "population".

These amendments will take effect from 1st April, 2014 and will, accordingly, apply in relation to assessment year 2014-15 and subsequent assessment years.

Clause 4 of the Bill seeks to amend section 10 of the Income-tax Act relating to incomes not included in total income.

Under the existing provisions contained in clause (*10D*) of the aforesaid section, any sum received under a life insurance policy, including the sum allocated by way of bonus on such policy, is exempt, subject to the condition that the premium paid for such policy does not exceed ten per cent. of the actual capital sum assured.

It is proposed to insert a new proviso in sub-clause (*d*) of the aforesaid clause (*10D*), so as to provide a higher limit of fifteen per cent. where the policy referred to in sub-clause (*d*) is for insurance on the life of any person who is,— (*i*) a person with disability or a person with severe disability as referred to in section 80U; or (*ii*) suffering from disease or ailment as specified in the rules made under section 80DDB. This proviso shall apply in respect of an insurance policy, issued on or after 1st day of April, 2013.

Clause (*10D*) of the said section, *inter alia,* exempts any sum received under a life insurance policy other than a Keyman insurance policy.

Explanation 1 to clause (*10D*) defines a Keyman insurance policy to mean a life insurance policy taken by a person on the life of another person who is or was the employee of the first-mentioned person or is or was connected in any manner whatsoever with the business of the first-mentioned person.

It is proposed to amend the said *Explanation 1* to provide that a Keyman insurance policy which has been assigned to a person during its term, with or without consideration, shall continue to be treated as a Keyman insurance policy for the purposes of clause (*10D*) of section 10.

It is further proposed to insert a new clause (*23DA*) to provide for exemption in respect of any income of a securitisation trust from the activity of securitisation.

It is also proposed to insert a new clause (*23ED*) to provide for exemption in respect of any income, by way of contributions received from a depository, of such Investor Protection Fund set up in accordance with the regulations made under the Securities and Exchange Board of India Act, 1992 and the Depositories Act, 1996 by a depository, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

These amendments will take effect from 1st April, 2014 and will, accordingly, apply in relation to assessment year 2014-15 and subsequent assessment years.

The existing provisions contained in clause (*23FB*) of section 10 provide that any income of a venture capital company or venture capital fund set up to raise funds for investment in a venture capital undertaking does not form part of total income. The definitions of "venture capital company", "venture capital fund" and "venture capital undertaking" are provided in *Explanation* 1.

It is proposed to substitute *Explanation* 1 of clause (*23FB*) so as to provide the new definitions of "venture capital company", "venture capital fund" and "venture capital undertaking".

Clause (*a*) of the proposed *Explanation* defines the venture capital company as a company which has been registered before 21st day of May, 2012 under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 (Venture Capital Funds Regulations) or which has been registered as venture capital fund being a sub-category of Category I Alternative Investment Fund under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (Alternative Investment Funds Regulations). The company has to satisfy the conditions mentioned in clause (*a*).

Clause (*b*) of the proposed *Explanation* defines the venture capital fund as a trust which has been registered before 21st day of May, 2012 under the Venture Capital Funds Regulations or which has been registered as venture capital fund being a sub-category of Category I Alternative Investment Fund under the Alternative Investment Funds Regulations. The trust has to satisfy the conditions mentioned in clause (*b*).

Clause (*c*) of the proposed *Explanation* defines the venture capital undertaking as is defined under the Venture Capital Funds Regulations or under the Alternative Investment Funds Regulations.

This amendment will take effect retrospectively from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years.

It is further proposed to insert a new clause (*34A*) in section 10 so as to provide for exemption in respect of any income arising to an assessee being a shareholder on account of buy back of shares (not being listed on a recognised stock exchange) by the company as referred to in section 115QA.

It is also proposed to insert a new clause (*35A*) in section 10 so as to provide for exemption in respect of any income by way of distributed income referred to in section 115TA received from a securitisation trust by any person being an investor of the said trust. An *Explanation* has been inserted to define the expressions 'investor' and 'securitisation trust' occurring in the proposed amendment.

These amendments will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

It is also proposed to insert a new clause (*49*) in section 10 to provide for exemption in respect of any income of the National Financial Holdings Company Limited, being a company set up by the Central Government, of any previous year relevant to any assessment year commencing on or before 1st April, 2014.

This amendment will take effect retrospectively from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-14 and the assessment year 2014-15.

Clause 5 of the Bill seeks to insert a new section 32AC in the Income-tax Act to provide for deduction for investment in new plant or machinery.

The proposed sub-section (*1*) of the aforesaid section seeks to provide that where an assessee, being a company, engaged in the business of manufacture or production of any article or thing, acquires and installs new asset after 31st day of March, 2013 but before 1st day of April, 2015 and the aggregate amount of actual cost of such new assets exceeds one hundred crore rupees, then, there shall be allowed a deduction,—

(*a*) for the assessment year commencing on 1st day of April, 2014, of a sum equal to fifteen per cent. of the actual cost of new assets acquired and installed after 31st day of March, 2013 but before 1st day of April, 2014, if the aggregate amount of actual cost of such new assets exceeds one hundred crore rupees; and

(*b*) for the assessment year commencing on 1st day of April, 2015, of a sum equal to fifteen per cent. of the actual cost of new assets acquired and installed after 31st day of March, 2013 but before 1st day of April, 2015, as reduced by the amount of deduction allowed, if any, under clause (a).

The proposed sub-section (*2*) of the aforesaid section provides that if any new asset acquired and installed by the assessee is sold or otherwise transferred, except in connection with the amalgamation or demerger, within a period of five years from the date of its installation, the amount of deduction allowed under sub-section (*1*) in respect of such new asset shall be deemed to be the income of the assessee chargeable under the head "Profits and gains of business or profession" of the previous year in which such new asset is sold or otherwise transferred, in addition to taxability of gains, arising on account of transfer of the new asset.

The proposed sub-section (*3*) of the aforesaid section provides that where the new asset is sold or otherwise transferred in connection with the amalgamation or demerger within a period of five years from the date of its installation, the provisions of sub-section (*2*) shall apply to the amalgamated company or the resulting company, as the case may be, as they would have applied to the amalgamating company or the demerged company.

The proposed sub-section (*4*) of the aforesaid section provides that for the purposes of this section "new asset" means any new plant or machinery (other than ship or aircraft) but does not include—

(*i*) any plant or machinery which before its installation by the assessee was used either within or outside India by any other person;

(*ii*) any plant or machinery installed in any office premises or any residential accommodation, including accommodation in the nature of a guest house;

(*iii*) any office appliances including computers or computer software;

(*iv*) any vehicle; or

(*v*) any plant or machinery, the whole of the actual cost of which is allowed as deduction (whether by way of depreciation or otherwise) in computing the income chargeable under the head "Profits and gains of business or profession" of any previous year.

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to assessment year 2014-15 and subsequent assessment years.

Clause 6 of the Bill seeks to amend section 36 of the Income-tax Act relating to other deductions.

The proposed amendment seeks to insert *Explanation* 2 to the clause (*vii*) of sub-section (*1*) of the said section so as to clarify that for the purposes of the proviso to clause (*vii*) of sub-section (*1*) and clause (*v*) of sub-section (*2*), the account referred to therein shall be only one account in respect of provision for bad and doubtful debts under clause (*viia*) and such account shall relate to all types of advances, including advances made by rural branches.

It is further proposed to insert a new clause (*xvi*) in the said section so as to provide that an amount equal to the commodities transaction tax paid by the assessee in respect of the taxable commodities transactions entered into in the course of his business during the previous year shall be allowable as deduction, if the income arising from such taxable commodities transactions is included in the income computed under the head "Profits and gains of business or profession".

It is also proposed to insert an *Explanation* to provide that for the purposes of this clause, the expressions "commodities transaction tax" and "taxable commodities transaction" shall have the meanings respectively assigned to them under Chapter VII of the Finance Act, 2013.

These amendments will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 7 of the Bill seeks to amend section 40 of the Income-tax Act relating to amounts not deductible.

The provisions of section 40 specify the amounts which shall not be deducted in computing the income chargeable under the head "Profits and gains of business or profession".

It is proposed to insert a new sub-clause (*iib*) in clause (*a*) of the aforesaid section so as to provide that any amount paid by way of royalty, licence fee, service fee, privilege fee, service charge or any other fee or charge, by whatever name called which is levied exclusively

on or any amount which is appropriated, whether directly or indirectly, from a State Government undertaking, by the State Government, shall not be allowed as deduction in computing the income chargeable under the head "Profits and gains of business or profession".

It is further proposed to define the expression "State Government undertaking" used in the proposed new sub-clause (*iib*).

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 8 of the Bill seeks to insert a new section 43CA in the Income-tax Act to provide for a special provision for full value of consideration for transfer of assets other than capital assets in certain cases.

The proposed sub-section (*1*) of the aforesaid section seeks to provide that where the consideration received or accruing as a result of the transfer by an assessee of an asset (other than a capital asset), being land or building or both, is less than the value adopted or assessed or assessable by any authority of a State Government for the purpose of payment of stamp duty in respect of such transfer, the value so adopted or assessed or assessable shall be deemed to be the full value of the consideration received or accruing as a result of such transfer for the purposes of computing profits and gains from transfer of such asset.

The proposed sub-section (*2*) of the aforesaid section seeks to provide that the provisions of sub-section (*2*) and sub-section (*3*) of section 50C shall, so far as may be, apply in relation to determination of the value adopted or assessed or assessable under sub-section (*1*).

The proposed sub-section (*3*) of the aforesaid section provides that where the date of agreement fixing the value of consideration for transfer of the asset and the date of registration of such transfer of asset are not the same, the value referred to in sub-section (*1*) may be taken as the value assessable by any authority of a State Government for the purpose of payment of stamp duty in respect of such transfer on the date of the agreement.

The proposed sub-section (*4*) of the aforesaid section provides that the provisions of sub-section (*3*) shall apply only in a case where the amount of consideration or a part thereof has been received by any mode other than cash on or before the date of agreement for transfer of the asset.

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to assessment year 2014-15 and subsequent assessment years.

Clause 9 of the Bill seeks to amend section 56 of the Income-tax Act relating to income from other sources.

The existing provisions of sub-clause (*b*) of clause (*vii*) of sub-section (*2*) of section 56, *inter alia*, provide that where any immovable property is received by an individual or Hindu undivided family (HUF) without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property would be charged to tax in the hands of an individual or an HUF as income from other sources.

It is proposed to substitute the existing sub-clause (*b*) so as to provide that where any immovable property is received by an individual or HUF without consideration, the stamp duty value of which exceeds fifty thousand rupees, the stamp duty value of such property would be charged to tax in the hands of an individual or an HUF as income from other sources. The proposed sub-clause (*b*), also provides that where any immovable property is received for a consideration which is less than the stamp duty value of the property by an amount exceeding fifty thousand rupees, the stamp duty value of such property as exceeds such consideration, would be charged to tax in the hands of an individual or an HUF as income from other sources.

It is further proposed to insert a proviso so as to state that where the date of the agreement fixing the amount of consideration for the transfer of the immovable property and the date of registration are not the same, the stamp duty value on the date of the agreement may be taken for the purposes of this sub-clause. It is further proposed to insert a second proviso so as to provide that the first proviso, shall apply only in a case where the amount of the consideration, or a part thereof, has been paid in a mode other than cash on or before the date of the agreement for the transfer of such immovable property.

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 10 of the Bill seeks to amend section 80C of the Income-tax Act relating to deduction in respect of life insurance premia, deferred annuity, contributions to provident fund, subscription to certain equity shares or debentures, etc.

Under the existing provisions contained in sub-section (*3A*) of the aforesaid section, the deduction is available in respect of any premium or other payment made on an insurance policy up to ten per cent. of the "actual capital sum assured".

It is proposed to insert a proviso in aforesaid sub-section (*3A*), so as to provide a higher limit of fifteen per cent. where the policy referred to in sub-section (*3A*) is for the insurance on life of any person who is,—(*a*) a person with disability or a person with severe disability as referred to in section 80U; or (*b*) suffering from disease or ailment as specified in the rules made under section 80DDB. This proviso shall apply in respect of an insurance policy issued on or after 1st day of April, 2013.

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 11 of the Bill seeks to amend section 80CCG of the Income-tax Act relating to deduction in respect of investment made under an equity savings scheme.

The existing provisions of sub-section (*1*) of the aforesaid section, *inter alia*, provide that a resident individual who has acquired listed equity shares, in accordance with the scheme notified by the Central Government, shall be allowed a deduction of fifty per cent. of the amount invested in such equity shares to the extent that the said deduction does not exceed twenty-five thousand rupees. Sub-section (*2*) provides that the deduction is a onetime deduction and is available only in one assessment year in respect of the amount so invested. Sub-section (*3*), *inter alia*, provides that the gross total income of the assessee claiming such deduction shall not exceed ten lakh rupees.

It is proposed to amend sub-section (*1*) of the said section so as to provide that investment in listed units of an equity oriented fund shall also be eligible for deduction in accordance with the provisions of section 80CCG.

It is further proposed to substitute sub-section (*2*) so as to provide that the deduction under sub-section (*1*), shall be allowed in accordance with and subject to the provisions of the said section, for three consecutive assessment years, beginning with the assessment year relevant to the previous year in which the listed equity shares or listed units of equity oriented fund were first acquired.

It is also proposed to amend sub-section (*3*) of the said section so as to enhance the limit of gross total income to twelve lakh rupees from the existing limit of ten lakh rupees.

It is also proposed to insert an *Explanation* in the said section so as to provide that "equity oriented fund" shall have the meaning assigned to it in *Explanation* to clause (*38*) of section 10.

These amendments will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 12 of the Bill seeks to amend section 80D of the Income-tax Act relating to deduction in respect of health insurance premia.

The existing provisions of clause (*a*) of sub-section (*2*) of section 80D provide that the whole of the amount paid in the previous year out of the income of the assessee, being an individual, to effect or to keep in force an insurance on his health or the health of his family or any contribution made towards the Central Government Health Scheme or any payment made on account of preventive health check-up of the assesssee or his family, as does not exceed in the aggregate fifteen thousand rupees, is allowed to be deducted in computing the total income of the assessee.

It is proposed to amend the said clause so as to allow the benefit of deduction under section 80D within the said limit, in respect of any payment or contribution made by the assessee to any other health scheme which may be notified by the Central Government.

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 13 of the Bill seeks to insert a new section 80EE in the Income-tax Act relating to deduction in respect of interest on loan taken for residential house property.

Sub-section (*1*) of the new section 80EE seeks to provide that in computing the total income of an assessee, being an individual, there shall be deducted, in accordance with and subject to the provisions of this section, interest payable on loan taken by him from any financial institution for the purpose of acquisition of a residential house property.

Sub-section (*2*) of the said section seeks to provide that the deduction under sub-section (*1*) shall not exceed one lakh rupees and shall be allowed in computing the total income of the individual for the assessment year beginning on 1st day of April, 2014 and in a case where the interest payable for the previous year relevant to the said assessment year is less than one lakh rupees, the balance amount shall be allowed in the assessment year beginning on 1st day of April, 2015.

Sub-section (*3*) of the said section 80EE provides that the deduction shall be subject to the conditions, such as (*i*) the loan has been sanctioned by the financial institution during the period beginning on 1st day of April, 2013 and ending on 31st day of March, 2014; (*ii*) the amount of loan sanctioned for acquisition of the residential house property does not exceed twenty-five lakh rupees; (*iii*) the value of the residential house property does not exceed forty lakh rupees; (*iv*) the assessee does not own any residential house property on the date of sanction of the loan.

Sub-section (*4*) of the said section 80EE seeks to provide that where a deduction under this section is allowed for any interest referred to in sub-section (*1*), deduction shall not be allowed in respect of such interest under any other provisions of the Act for the same or any other assessment year.

Sub-section (*5*) of the said section 80EE seeks to define the terms "financial institution" and "housing finance company".

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 14 of the Bill seeks to amend section 80G of the Income-tax Act relating to deductions in respect of donations to certain funds, charitable institutions, etc.

Under the existing provisions, an assessee is allowed a deduction from his total income in respect of donations made by him to certain funds and institutions. The deduction is allowed at the rate of fifty per cent. of the amount of donations made except in the case of donations made to certain funds and institutions specified in clause (*i*) of sub-section (*1*) of section 80G, where deduction is allowed at the rate of one hundred per cent. In the case of donations made to the National Children's Fund, deduction is allowed at the rate of fifty per cent. of the amount so donated.

It is proposed to allow hundred per cent. deduction in respect of any sum paid to the National Children's Fund in computing the total income of an assessee.

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to assessment year 2014-15 and subsequent assessment years.

Clause 15 of the Bill seeks to amend section 80GGB of the Income-tax Act relating to deductions in respect of contributions given by companies to political parties.

Under the existing provisions of the said section, any sum contributed by an Indian company to any political party or an electoral trust in the previous year, is allowed as deduction in computing the total income of such Indian company.

It is proposed to amend the aforesaid section by inserting a proviso so as to provide that no deduction shall be allowed under this section in respect of any sum contributed by way of cash.

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 16 of the Bill seeks to amend section 80GGC of the Income-tax Act relating to deductions in respect of contributions given by any person to political parties.

Under the existing provisions of the said section, any sum contributed by any person, except local authority and artificial juridical person wholly or partly funded by the Government, to any political party or an electoral trust in the previous year, is allowed as deduction in computing the total income of such person.

It is proposed to amend the aforesaid section by inserting a proviso so as to provide that no deduction shall be allowed under this section in respect of any sum contributed by way of cash.

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 17 of the Bill seeks to amend section 80-IA of the Income-tax Act relating to deductions in respect of profits and gains from industrial undertakings or enterprises engaged in infrastructure development, etc.

The existing provisions contained in the clause (*iv*) of sub-section (*4*) of the aforesaid section 80-IA provide that, a deduction shall be allowed to an undertaking which,— (*a*) is set up in any part of India for the generation or generation and distribution of power, if it begins to generate power at any time during the period beginning on 1st April, 1993 and ending on 31st March, 2013; (*b*) starts transmission or distribution by laying a network of new transmission or distribution lines at any time during the period beginning on 1st April, 1999 and ending on 31st March, 2013; (*c*) undertakes substantial renovation and modernisation of the existing network of transmission or distribution lines at any time during the period beginning on 1st April, 2004 and ending on 31st March, 2013.

It is proposed to amend sub-clauses (*a*), (*b*) and (*c*) of clause (*iv*) of the said sub-section so as to extend the time limit from 31st March, 2013 to 31st March, 2014.

These amendments will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 18 of the Bill seeks to amend section 80JJAA of the Income-tax Act relating to deduction in respect of employment of new workmen.

The existing provisions contained in sub-section (*1*) of section 80JJAA provide for a deduction of an amount equal to thirty per cent. of additional wages paid to the new regular workmen employed in any previous year by an Indian company engaged in manufacture or production of article or thing. The deduction is available for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

It is proposed to substitute the said sub-section (*1*) of section 80JJAA so as to provide that where the gross total income of an assessee, being an Indian company, includes any profits and gains derived from the manufacture of goods in a factory, there shall, be allowed a deduction of an amount equal to thirty per cent. of additional wages paid to the new regular workmen employed by the assessee in such factory, in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

Sub-section (*2*) of the aforesaid section, *inter alia*, provides that no deduction under sub-section (*1*) shall be available, if the industrial undertaking is formed by splitting up or reconstruction of an existing undertaking or amalgamation with another industrial undertaking.

It is proposed to amend sub-section (*2*) so as to provide that no deduction under sub-section (*1*) shall be allowed if the factory is hived off or transferred from another existing entity or acquired by the assessee company as a result of amalgamation with another company.

It is also proposed to provide that the term "factory" shall have the same meaning as assigned to it in clause (*m*) of section 2 of the Factories Act, 1948.

These amendments will take effect from 1st April, 2014 and will, accordingly, apply in relation to assessment year 2014-15 and subsequent assessment years.

Clauses 19 and 20 of the Bill seek to amend section 87 and insert a new section 87A in the Income-tax Act relating to rebate of income-tax in case of certain individuals.

The proposed new section 87A seeks to provide that an assessee, being an individual resident in India, whose total income does not exceed five hundred thousand rupees, shall be entitled to a deduction, from the amount of income-tax (as computed before allowing the deductions under Chapter VIII of the Income-tax Act) on his total income with which he is chargeable for any assessment year, of an amount equal to hundred per cent. of such income-tax or an amount of two thousand rupees, whichever is less.

Consequential amendments have been proposed in section 87, so as to provide reference to proposed new section 87A.

These amendments will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 21 of the Bill seeks to amend section 90 of the Income-tax Act relating to agreement with foreign countries or specified territories.

The existing provisions of the aforesaid section 90 confers power upon the Central Government to enter into an agreement with the Government of any specified territory outside India in addition to entering into agreement with foreign countries.

It is proposed to omit sub-section (*2A*) of the said section.

This amendment will take effect retrospectively from 1st April, 2013.

It is proposed to insert a new sub-section (*2A*) in the aforesaid section 90 so as to provide that the provisions of newly inserted Chapter X-A shall apply even if such provisions are not beneficial to the assessee.

This amendment will take effect from 1st April, 2016 and will accordingly apply, in relation to assessment year 2016-17 and subsequent assessment years.

It is also proposed to insert a new sub-section (*5*) in the aforesaid section 90 so as to provide that the certificate of being a resident in a country outside India or specified territory outside India, as the case may be, referred to in sub-section (*4*), shall be necessary but not a sufficient condition for claiming any relief under the agreement referred to therein.

This amendment will take effect retrospectively from 1st April, 2013 and will accordingly apply, in relation to the assessment year 2013-14 and subsequent assessment years.

Clause 22 of the Bill seeks to amend section 90A of the Income-tax Act relating to adoption by Central Government of agreement between specified associations for double taxation relief.

The existing provisions of the aforesaid section 90A provides that any specified association in India may enter into an agreement with any specified association in a specified territory outside India and the Central Government may, by notification in the Official Gazette, make necessary provisions for adopting and implementing such agreement for grant of double taxation relief, for avoidance of double taxation or exchange of information for the prevention of evasion or avoidance of income-tax or for recovery of income-tax.

It is proposed to omit sub-section (*2A*) of the said section.

This amendment will take effect retrospectively from 1st April, 2013.

It is further proposed to insert a new sub-section (*2A*) in the aforesaid section 90A so as to provide that the provisions of newly inserted Chapter X-A shall apply even if such provisions are not beneficial to the assessee.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

It is also proposed to insert a new sub-section (*5*) in the aforesaid section 90A so as to provide that the certificate of being a resident in a specified territory outside India referred to in sub-section (*4*), shall be necessary but not a sufficient condition for claiming any relief under the agreement referred to therein.

This amendment will take effect retrospectively from 1st April, 2013 and will, accordingly, apply in relation to the assessment year 2013-14 and subsequent assessment years.

Clause 23 of the Bill seeks to omit Chapter X-A of the Income-tax Act (as inserted by section 41 of the Finance Act, 2012) relating to General Anti-Avoidance Rule.

This amendment will take effect from 1st April, 2014.

Clause 24 of the Bill seeks to insert a new Chapter X-A consisting of new sections 95, 96, 97, 98, 99, 100, 101 and 102 in the Income-tax Act relating to General Anti-Avoidance Rule.

The provisions of the proposed new section 95 provide that an arrangement entered into by an assessee may be declared to be an impermissible avoidance arrangement and consequences in relation to tax of such a declaration can be determined.

The proposed section 96 provides the definition and conditions under which an arrangement can be declared to be an impermissible avoidance arrangement. The section also provides for circumstances under which an arrangement shall be presumed to be entered into or carried out for the main purpose of obtaining tax benefit.

The proposed section 97 provides for circumstances under which an arrangement shall be deemed to lack commercial substance. The period or time for which the arrangement exists; the fact of payment of taxes; and the fact that an exit route is provided by the arrangement, may be relevant but shall not be sufficient for determining whether an arrangement lacks commercial substance or not.

The proposed section 98 provides for method of determination of consequences in relation to tax of an arrangement after it is declared to be an impermissible avoidance arrangement. It provides for certain illustrative but not exhaustive methods for determination of tax consequences.

The proposed section 99 provides that in determining whether there is a tax benefit the parties who are connected persons in relation to each other may be treated as one and the same person, any accommodating party may be disregarded, such accommodating party and

any other party may be treated as one and the same person, and the arrangement may be considered or looked through by disregarding any corporate structure.

The proposed section 100 provides that provisions of newly inserted Chapter X-A can be applied in alternative to or in addition to any other basis of determination of tax liability.

The proposed section 101 provides for power to prescribe guidelines for application of provisions of newly inserted Chapter X-A.

The proposed section 102 provides definition of certain terms relevant for newly inserted Chapter X-A.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to the assessment year 2016-17 and subsequent assessment years.

Clause 25 of the Bill seeks to amend section 115A of the Income-tax Act relating to tax on dividends, royalty and technical service fees in the case of foreign companies.

The existing provisions of clause (*b*) of sub-section (*1*) of the aforesaid section provide for the tax rates on which income by way of royalty or fees for technical services in case of non-residents (not being a company) or a foreign company, is taxed. Various sub-clauses of the said clause provide for different rates of tax in case of income by way of royalty or fees for technical services based on the date of agreement under which such income is received by the non-resident (not being a company) or a foreign company.

It is proposed to substitute sub-clauses (*A*), (*AA*), (*B*) and (*BB*) of the aforesaid clause (*b*), so as to provide that income by way of royalty or fees for technical services shall be taxable at a uniform rate of twenty-five per cent. if it has been received under an agreement entered after 31st day of March, 1976.

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15 and subsequent assessment years.

Clause 26 of the Bill seeks to amend section 115BBD of the Income-tax Act relating to tax on certain dividends received from foreign companies.

The existing provisions of aforesaid section 115BBD provide that where the total income of an assessee, being an Indian company, for the previous year relevant to the assessment year beginning on 1st day of April, 2012 or beginning on 1st day of April, 2013, includes any income by way of dividends declared, distributed or paid by a subsidiary foreign company, the income-tax payable shall be the aggregate of the amount of income-tax calculated on the income by way of such dividends at the rate of fifteen per cent. and the amount of income-tax with which the assessee would have been chargeable had its total income been reduced by the amount of aforesaid income by way of dividends. It is further provided that no deductions in respect of any expenditure or allowance shall be allowed for computing its income by way of dividend.

It is proposed to extend the applicability of taxation provisions in respect of dividends received from foreign subsidiaries to the income by way of dividends received during the financial year 2013-14 also.

This amendment will take effect from 1st April, 2014 and will, accordingly, apply in relation to the assessment year 2014-15.

Clause 27 of the Bill seeks to amend section 115-O of the Income-tax Act relating to tax on distributed profits of domestic companies.

Under the existing provisions contained in sub-section (*1A*) of section 115-O, the amount of dividends referred to in sub-section (*1*) shall be reduced by the amount of dividend, if any, received by the domestic company during the financial year, if—

(*a*) such amount of dividend is received from its subsidiary; and

(*b*) the subsidiary has paid tax payable under this section on such dividend.

The said sub-section also provides that the same amount of dividend shall not be reduced more than once.

It is proposed to amend clause (*i*) of the aforesaid sub-section (*1A*) so as to provide that in case a domestic company receives any dividend from any of its subsidiary during the financial year and where such subsidiary —

(*a*) is a domestic company, the subsidiary has paid tax, if any payable, on such dividend; or

(*b*) is a foreign company, the tax is payable by the domestic company under section 115BBD, on such dividend, the dividend received from such subsidiary during the financial year shall be reduced.

It is further proposed to insert a proviso to provide that the said amount of dividend shall not be taken into account for reduction more than once.

This amendment will take effect from 1st June, 2013.

Clause 28 of the Bill seeks to insert a new Chapter XII-DA relating to special provisions for tax on distributed income of domestic company for buy-back of shares.

The proposed new section 115QA provides that notwithstanding anything contained in any other provision of the Act, any distributed income to a shareholder by a domestic company on buy-back of shares, the shares being not listed on any recognised stock exchange, shall be chargeable to tax and such company shall be liable to pay additional income-tax at the rate of twenty per cent. on the distributed income. The *Explanation* to the said section defines the expressions "buy-back" which means purchase by a company of its own shares in accordance with the provisions of section 77A of the Companies Act and "distributed income" which means the consideration paid by the company on buy-back of shares as reduced by the amount received by the company for issue of such shares. The proposed additional income-tax shall be in addition to the income-tax chargeable in respect of the total income of such company whether income-tax is payable by the company on its total income or not. It further provides that the amount of tax shall be remitted within fourteen days of the date of payment of consideration. It also provides that the tax shall be final payment of tax and no credit shall be claimed either by the company or any other person in respect of the tax paid. It also provides that no deduction under any provision of the Act shall be allowed to company or shareholder in respect of the said income or tax.

The proposed new section 115QB provides for the levy of interest, in case of failure to pay tax within the time provided, at the rate of one per cent. for every month and part thereof for such failure.

The proposed new section 115QC provides that in case of failure on payment of tax, the principal officer of the company and the company shall be deemed to be an assessee in default in respect of the amount of tax payable and all provisions of the Act relating to recovery and collection of taxes shall apply.

This amendment will take effect from 1st June, 2013.

Clause 29 of the Bill seeks to amend section 115R of the Income-tax Act relating to tax on distributed income to unit holders.

The existing provisions contained in sub-section (*2*) of the aforesaid section provides that any amount of income distributed by the specified company or a Mutual Fund to its unit holders shall be chargeable to tax and under clause (*ii*) thereof such specified company or Mutual Fund shall be liable to pay additional income-tax on such distributed income at the rate of twelve and one-half per cent. on income distributed to any person being an individual or a Hindu undivided family by a fund other than a money market mutual fund or a liquid fund.

It is proposed to amend clause (*ii*) of sub-section (*2*) of the aforesaid section to provide that the additional income-tax at the rate of twenty-five per cent. shall be leviable on income distributed to an individual or a Hindu undivided family by a fund other than money market mutual fund or a liquid fund.

It is further proposed to amend the said sub-section to provide that any income distributed by a mutual fund under an infrastructure debt scheme to a non-resident (other than a company) or a foreign company shall be liable for payment of additional income-tax at the rate of five per cent. on the income distributed.

It is also proposed to define the expression "infrastructure debt fund scheme" in the proposed amendments.

These amendments will take effect from 1st June, 2013.

Clause 30 of the Bill seeks to insert a new Chapter XII-EA consisting of new sections 115TA, 115TB and 115TC in the Income-tax Act relating to special provisions relating to tax on distributed income by securitisation trusts.

The provisions of the proposed new section 115TA provide that notwithstanding anything contained in any other provisions of the Act any distributed income to an investor by a securitisation trust shall be liable to the levy of additional income-tax at the rate of twenty-five per cent. on the distributed income if such income is paid to a person being an individual or Hindu undivided family. The additional income-tax shall be levied at the rate of thirty per cent., if such distributed income is paid to a person other than individual and Hindu undivided family. No additional income-tax shall be levied, if the distributed income is paid to any person who is exempt under the Act. It also provides that the amount of tax shall be remitted within fourteen days of the date of payment or distribution of income. It is provided that no deduction under any provisions of the Act shall be allowed to securitisation trust in respect of the said income. The section provides that the securitisation trust shall, before the 15th day of September in each year, furnish a statement in the prescribed form providing the details regarding the amount of income distributed to the investors and the tax paid in the previous year.

The proposed new section 115TB provides for the levy of interest, in case of failure to pay tax within the time provided, at the rate of one per cent. for every month and part thereof on such failure.

The proposed new section 115TC provides that in case of failure on payment of tax, the person responsible for making payment of income distributed by the securitisation trust and the securitisation trust shall be deemed to be an assessee in default in respect of the amount of tax payable and all provisions of the Act relating to recovery and collection of taxes shall apply.

This amendment will take effect from 1st June, 2013.

Clause 31 of the Bill seeks to amend section 132B of the Income-tax Act relating to application of seized or requisitioned assets.

The existing provisions of the aforesaid section 132B, *inter alia*, provide that the assets seized under section 132 or requisitioned under section 132A may be adjusted against the amount of any "existing liability" under this Act, the Wealth-tax Act, 1957, the Expenditure-tax Act, 1987, the Gift-tax Act, 1958 and the Interest-tax Act, 1974 and the amount of liability determined on completion of assessment pursuant to the search, including penalty levied or interest payable in connection with such assessment and in respect of which, such person is in default or is deemed to be in default.

It is proposed to insert a new *Explanation* in the aforesaid section so as to provide that for the removal of doubts, it is hereby declared that the "existing liability" does not include advance tax payable in accordance with the provisions of Part C of Chapter XVII of the Act.

This amendment will take effect from 1st June, 2013.

Clause 32 of the Bill seeks to amend section 139 of the Incometax Act relating to return of income.

The existing provisions contained in *Explanation* to section 139 of the Income-tax Act provides the conditions which, if not fulfilled, may render the return of income furnished by the assessee, defective.

It is proposed to amend the aforesaid *Explanation* so as to provide that the return of income shall be regarded as defective unless the tax together with interest, if any, payable in accordance with the provisions of section 140A, has been paid on or before the date of furnishing of the return.

This amendment will take effect from 1st June, 2013.

Clause 33 of the Bill seeks to amend section 142 of the Income-tax Act relating to inquiry before assessment.

The existing provisions contained in sub-section (*2A*) of section 142 of the Act, *inter alia*, provides that if at any stage of the proceedings before him, the Assessing Officer, having regard to the nature and complexity of the accounts of the assessee and the interests of the revenue, is of the opinion that it is necessary to do so, he may, with the previous approval of the Chief Commissioner or Commissioner, direct the assessee to get his accounts audited by an accountant and to furnish a report of such audit.

It is proposed to amend the aforesaid sub-section so as to provide that if at any stage of the proceeding before him, the Assessing Officer, having regard to the nature and complexity of the accounts, volume of the accounts, doubts about the correctness of the accounts, multiplicity of transactions in the accounts or specialised nature of business activity of the assessee, and the interests of the revenue, is of the opinion that it is necessary to do so, he may, with the previous approval of the Chief Commissioner or Commissioner, direct the assessee to get his accounts audited by an accountant and to furnish a report of such audit.

This amendment will take effect from 1st June, 2013.

Clause 34 of the Bill seeks to omit section 144BA of the Income-tax Act (as inserted by section 62 of the Finance Act, 2012) relating to reference to Commissioner in certain cases.

This amendment will take effect from 1st April, 2014.

Clause 35 of the Bill seeks to insert a new section 144BA in the Income-tax Act relating to reference to Commissioner in certain cases.

The proposed sub-section (*1*) of the aforesaid new section 144BA provides that the Assessing Officer, if at any stage of assessment or reassessment proceedings considers it necessary to invoke provisions of the newly inserted Chapter X-A, shall refer the matter to the Commissioner.

The proposed sub-section (*2*) of the aforesaid new section provides that if the Commissioner, on receipt of a reference from the Assessing Officer, is of the opinion that the provisions of newly inserted Chapter X-A are required to be invoked, he shall issue notice to the assessee seeking objections within the time specified in notice not exceeding sixty days.

The proposed sub-section (*3*) of the aforesaid new section provides that if the assessee does not object or respond to the notice, the Commissioner may issue such directions as he deems fit in respect of declaration of the arrangement as an impermissible avoidance arrangement.

The proposed sub-section (*4*) of the aforesaid new section provides that if the assessee objects to invocation of the provisions of Chapter X-A and the Commissioner, after hearing the assessee, is not satisfied with the reply of the assessee, he shall refer the matter to the Approving Panel.

The proposed sub-section (*5*) of the aforesaid new section provides that if, after hearing the assessee, the Commissioner is satisfied that it is not a fit case for invoking the provisions of Chapter X-A, he may by an order in writing communicate the same to the Assessing Officer and the assessee.

The proposed sub-section (*6*) of the aforesaid new section provides that Approving Panel shall, on receipt of a reference from the Commissioner, issue such directions as it deems fit in respect of declaration of an arrangement as an impermissible avoidance arrangement including specifying the previous year or years to which such declaration shall apply.

The proposed sub-section (*7*) of the aforesaid new section provides that a direction prejudicial either to the assessee or the revenue shall not be issued unless an opportunity of being heard has been granted to the assessee or the Assessing Officer, as the case may be.

The proposed sub-section (*8*) of the aforesaid new section provides that Approving Panel may before issuing directions can call for records or evidences and direct the Commissioner to carry out further inquiry and submit report.

The proposed sub-section (*9*) of the aforesaid new section provides that in case of difference in opinion on an issue the direction shall be issued according to the majority opinion.

The proposed sub-section (*10*) of the aforesaid new section provides that every direction issued by the Approving Panel or the Commissioner shall be binding on the Assessing Officer and Assessing Officer shall complete the proceedings in accordance with such directions and provisions of newly inserted Chapter X-A.

The proposed sub-section (*11*) of the aforesaid new section provides that if any direction issued by the Approving Panel is applicable to any previous year other than in respect of which reference was made, then, while completing the assessment or reassessment proceedings for such other previous years, the Assessing Officer shall be bound by the directions and provisions of Chapter X-A and fresh reference on the issue would not be required.

The proposed sub-section (*12*) of the aforesaid new section provides that assessment or reassessment order where provisions of Chapter X-A are invoked shall be passed by the Assessing Officer only with prior approval of the Commissioner.

The proposed sub-section (*13*) of the aforesaid new section provides that the Approving Panel shall issue directions within a period of six months from the end of the month in which the reference is received by it.

The proposed sub-section (*14*) of the aforesaid new section provides that the directions, issued by the Approving Panel shall be binding on the assessee and the Commissioner and no appeal under the Act shall lie against such directions.

The proposed sub-section (*15*) of the aforesaid new section provides that the Central Government shall constitute one or more Approving Panels as may be necessary and each Approving Panel shall consist of a Chairperson and two members.

The proposed sub-section (*16*) of the aforesaid new section provides that the Chairperson of the Approving Panel shall be a person who is or has been a judge of a High Court and one member shall be a member of Indian Revenue Service not below the rank of Chief Commissioner of Income-tax and one member shall be an academic or scholar having special knowledge of matters such as direct taxes, business accounts and international trade practices.

The proposed sub-section (*17*) of the aforesaid new section provides that the term of the Approving Panel shall ordinarily be for one year and may be extended up to a period of three years.

The proposed sub-section (*18*) of the aforesaid new section provides that the Chairperson and members of the Approving Panel shall meet, as often as necessary, to consider the references made to the Approving Panel and shall be paid such remuneration as may be prescribed.

The proposed sub-section (*19*) of the aforesaid new section provides that the Approving Panel shall have all the powers which are vested in the Authority for Advance Rulings under the Income-tax Act.

The proposed sub-section (*20*) of the aforesaid new section provides that the Board shall provide to the Approving Panel such officials as may be necessary for the efficient exercise of powers and discharge of functions of the Approving Panel.

The proposed sub-section (*21*) of the aforesaid new section provides that the Board may make rules for the purposes of the constitution and efficient functioning of the Approving Panel and expeditious disposal of the references received by it.

The proposed *Explanation* to the aforesaid new section provides that in computing the period of six months for issue of directions by the Approving Panel the period commencing from the date on which the first direction is issued by the Approving Panel to the Commissioner for getting the enquiries conducted through the authority competent under an agreement referred to in section 90 or section 90A and ending with date on which the information so requested is last received by the Approving Panel or one year, whichever is less shall be excluded. Similarly, the period during which the proceeding of the Approving Panel is stayed by an order or injunction of any court shall also be excluded. Further, where immediately after the exclusion of the aforesaid time or period, the period available to the Approving Panel for issue of directions is less than sixty days, such remaining period shall be extended to sixty days and the aforesaid period of six months shall be deemed to have been extended accordingly.

This amendment will take effect from 1st April, 2016 and will, accordingly apply in relation to the assessment year 2016-2017 and subsequent assessment years.

Clause 36 of the Bill seeks to amend section 144C of the Income-tax Act relating to reference to dispute resolution panel.

It is proposed to omit sub-section (*14A*) of the said section.

This amendment will take effect retrospectively from 1st April, 2013.

It is proposed to insert a new sub-section (*14A*) in the aforesaid section 144C so as to provide that the provisions of section 144C shall not apply to an assessment or reassessment order passed by the Assessing Officer with the approval of the Commissioner in accordance with sub-section (*12*) of newly inserted section 144BA.

This amendment will take effect from 1st April, 2016 and will, accordingly, apply in relation to assessment year 2016-2017 and subsequent assessment years.

Clause 37 of the Bill seeks to amend section 153 of the Income-tax Act relating to time limit for completion of assessments and reassessments.

The existing provisions contained in *Explanation* 1 to the aforesaid section provide that certain periods specified therein are to be excluded while computing the period of limitation for the purposes of the said section.

It is proposed to substitute clause (*iii*) in the aforesaid *Explanation* 1 so as to provide that the period, commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited under sub-section (*2A*) of section 142 and ending with the last date on which the assessee is required to furnish a report of such audit under that sub-section or where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Commissioner, shall be excluded in computing the period of limitation for the purposes of section 153.

The existing provisions contained in clause (*viii*) of *Explanation* 1 to section 153 provides for exclusion of the period, commencing from the date on which a reference for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information so requested is received by the Commissioner or a period of one year, whichever is less, in computing the period of limitation for the purposes of section 153.

It is proposed to substitute the aforesaid clause so as to provide that the period, commencing from the date on which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information requested is last received by the Commissioner or a period of one year, whichever is less, shall be excluded in computing the period of limitation for the purposes of section 153.

These amendments will take effect from 1st June, 2013.

It is further proposed to omit clause (*ix*) in *Explanation* 1 of sub-section (*4*) of the said section.

This amendment will take effect retrospectively from 1st April, 2013.

It is also proposed to insert clause (*ix*) in *Explanation* 1 of sub-section (*4*) of the aforesaid section so as to provide for exclusion of time period starting from receipt of reference by the Commissioner under sub-section (*1*) of newly inserted 144BA and ending on date on which a direction under sub-section (*3*) or sub-section (*6*) or an order under sub-section (*5*) of newly inserted 65 section 144BA is received by the Assessing Officer.

This amendment will take effect from 1st April, 2016.

Clause 38 of the Bill seeks to amend section 153B of the Income-tax Act relating to time limit for completion of assessment under section 153A.

The existing provisions contained in *Explanation* to section 153B provide that certain periods specified therein are to be excluded while computing the period of limitation laid down in the said section for completion of assessment under section 153A.

It is proposed to substitute clause (*ii*) in the aforesaid *Explanation* so as to provide that the period commencing from the date on which the Assessing Officer directs the assessee to get his accounts audited under sub-section (*2A*) of section 142, and ending with the last date on which the assessee is required to furnish a report of such audit under that sub-section or where such direction is challenged before a court, ending with the date on which the order setting aside such direction is received by the Commissioner, shall be excluded in computing the period of limitation for the purposes of section 153.

The existing provisions contained in clause (*viii*) of *Explanation* to section 153B provides for exclusion of the period, commencing from the date on which a reference for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information so requested is received by the Commissioner or a period of one year, whichever is less, in computing the period of limitation for the purposes of section 153B.

It is proposed to amend the aforesaid clause so as to provide that the period commencing from the date on which a reference or first of the references for exchange of information is made by an authority competent under an agreement referred to in section 90 or section 90A and ending with the date on which the information requested is last received by the Commissioner or a period of one year, whichever is less, shall be excluded in computing the period of limitation for the purposes of section 153B.

These amendments will take effect from 1st June, 2013.

It is further proposed to omit clause (*ix*) in *Explanation* 1 of the sub-section (*4*) of the said section.

This amendment will take effect retrospectively from 1st April, 2013.

It is also proposed to insert clause (*ix*) in *Explanation* 1 of sub-section (*4*) of the aforesaid section so as to provide for exclusion of time period starting from receipt of reference by the Commissioner under sub-section (*1*) of newly inserted section 144BA and ending on date on which a direction under sub-section (*3*) or sub-section (*6*) or an order under sub-section (*5*) of newly inserted section 144BA is received by the Assessing Officer.

This amendment will take effect from 1st April, 2016.

Clause 39 of the Bill seeks to amend section 153D of the Income-tax Act relating to prior approval for assessment in cases of search or requisition.

It is currently provided in the section that any order of an assessment or reassessment in cases where a search or requisition has been done would be passed by an Assessing Officer only with prior approval of the Joint Commissioner.

It is proposed to amend the said section 153D to provide that where the assessment or reassessment order, as the case may be, is required to be passed by the Assessing Officer with the prior approval of the Commissioner under sub-section (*12*) of section 144BA then the conditions of this section shall not apply.

This amendment will take effect from 1st April, 2016.

Clause 40 of the Bill seeks to amend section 167C of the Income-tax Act relating to liability of partners of limited liability partnership in liquidation.

The existing provisions of the aforesaid section 167C provide that where any tax is due from a limited liability partnership in respect of any income of any previous year or from any other person in respect of any income of any previous year during which such other person was a limited liability partnership cannot be recovered, then, every person who was a partner of the limited liability partnership at any time during the relevant previous year, shall be jointly and severally liable for the payment of such tax unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the limited liability partnership.

It is proposed to insert an *Explanation* to the aforesaid section so as to clarify that the expression "tax due" includes penalty, interest or any other sum payable under the Act.

This amendment will take effect from 1st June, 2013.

Clause 41 of the Bill seeks to amend section 179 of the Income-tax Act relating to liability of directors of private company in liquidation.

The existing provisions in sub-section (*1*) of section 179 provide that where any tax is due from a private company in respect of any income of any previous year or from any other company in respect of any income of any previous year during which such other company was a private company cannot be recovered, then, every person who was a director of the private company at any time during the relevant previous year, shall be jointly and severally liable for the payment of such tax unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.

It is proposed to insert an *Explanation* to the aforesaid section so as to clarify that the expression "tax due" includes penalty, interest or any other sum payable under the Act.

This amendment will take effect from 1st June, 2013.

Clause 42 of the Bill seeks to insert a new section 194-IA in the Income-tax Act relating to payment on transfer of certain immovable property other than agricultural land.

It is proposed to insert a new section 194-IA to provide that any person, being a transferee, responsible for paying (other than the person referred to in section 194LA) to a

resident transferor any sum by way of consideration for transfer of any immovable property (other than agricultural land) shall deduct an amount equal to one per cent. of such sum as income-tax at the time of credit of such sum to the account of the transferor or at the time of payment of such sum in cash or by issue of cheque or draft or by any other mode, whichever is earlier.

It is further proposed to provide that no deduction shall be made where consideration for the transfer of an immovable property is less than fifty lakh rupees.

It is also proposed to provide an *Explanation* defining the expressions "agricultural land" and "immovable property".

This amendment will take effect from 1st June, 2013.

Clause 43 of the Bill seeks to amend section 194LC of the Income-tax Act relating to income by way of interest from Indian company.

The existing provisions of sub-section (*2*) of the aforesaid section 194LC provide the nature of borrowings, interest on which would be eligible for concessional rate of tax (at the rate of five per cent.) to be deducted in accordance with sub-section (*1*) of the said section. The interest should be in respect of borrowings made by an Indian company in foreign currency from a source outside India either under a loan agreement or by way of issue of long-term infrastructure bonds, as approved by the Central Government.

It is proposed to amend the said sub-section (*2*) so as to provide that where a non-resident (not being a company) or a foreign company has deposited any sum of money in foreign currency in a designated account through which such sum, as converted in rupees, is utilised by the non-resident or the foreign company, as the case may be, to subscribe to any long term infrastructure bonds issued by the specified company in India, then, such borrowing for the purposes of section 194LC shall be deemed to have been made by the specified company in foreign currency. The designated account means an account of a person in a bank which has been opened solely for the purpose of deposit of money in foreign currency and utilisation of such money for payment to the specified company for subscription in the long term infrastructure bonds issued by it.

This amendment will take effect from 1st June, 2013.

Clause 44 of the Bill seeks to amend section 245N of the Income-tax Act relating to definitions in context of Advance Ruling. It is proposed to omit sub-clause (*iv*) in clause (*a*) of the said section. It is also proposed to omit sub-clause (*iiia*) in clause (*b*) of the said section.

These amendments will take effect retrospectively from 1st April, 2013.

It is proposed to insert sub-clause (*iv*) in clause (*a*) in the said section to empower the Authority for Advance Rulings to determine whether an arrangement which is proposed to be undertaken by any person whether resident or non-resident is an impermissible avoidance arrangement as referred to in Chapter X-A or not. It is further proposed to amend clause (*b*) of the said section in order to provide that definition of applicant includes a person making an application to the authority for determination of whether an arrangement is an impermissible avoidance arrangement or not.

These amendments will take effect from 1st April, 2015.

Clause 45 of the Bill seeks to amend section 245R of the Income-tax Act relating to procedure on receipt of application by Authority for Advance Rulings.

It is proposed to amend clause (*iii*) of proviso to sub-section (*2*) of section 245R in order to omit the reference to the case of an applicant falling in sub-clause (*iiia*) of clause (*b*) of section 245N.

This amendment will take effect retrospectively from 1st April, 2013.

It is proposed to amend clause (*iii*) of proviso to sub-section (*2*) of section 245R in order to insert the reference to the case of an applicant falling in sub-clause (*iiia*) of clause (*b*) of section 245N in order to enable the Authority for Advance Rulings to process the application relating to determination of whether an arrangement is an impermissible avoidance arrangement or not.

This amendment will take effect from 1st April, 2015.

Clause 46 of the Bill seeks to amend section 246A of the Income-tax Act relating to appealable orders before Commissioner (Appeals).

It is proposed to amend clauses (*a*), (*b*) and (*ba*) of sub-section (*1*) of the aforesaid section so as to omit "or an order referred to in sub-section (*12*) of section 144BA" therefrom. It is also proposed to amend clause (*c*) of sub-section (*1*) of the aforesaid section so as to omit "except where it is in respect of an order as referred to in sub-section (*12*) of section 144BA" therefrom.

This amendment will take effect retrospectively from 1st April, 2013.

It is proposed to amend clauses (*a*), (*b*), (*ba*) and (*c*) of sub-section (*1*) of the aforesaid section 246A to provide that an order of assessment or reassessment passed with approval of Commissioner under sub-section (*12*) of newly inserted 144BA or any order under section 154 or section 155 passed in relation to such an order shall not be appealable before Commissioner (Appeals).

This amendment will take effect from 1st April, 2016.

Clause 47 of the Bill seeks to amend section 253 of the Income-tax Act relating to appeals to the Appellate Tribunal. It is proposed to omit clause (*e*) of sub-section (*1*) of the said section.

This amendment will take effect retrospectively from 1st April, 2013.

It is further proposed to amend the aforesaid sub-section (*1*) to insert clause (*e*) in the said sub-section to provide that in respect of an order of assessment or reassessment passed with approval of Commissioner under sub-section (*12*) of newly inserted section 144BA or any order under section 154 or section 155 passed in relation to such an order, an appeal shall lie before the Appellate Tribunal.

This amendment will take effect from 1st April, 2016.

Clause 48 of the Bill seeks to amend section 271FA of the Income-tax Act relating to penalty for failure to furnish annual information return.

The existing provisions contained in section 271FA provides that if a person who is required to furnish an annual information return, as required under sub-section (*1*) of section 285BA, fails to furnish such return within the time prescribed under that sub-section, the income-tax authority prescribed under the said sub-section may direct that such person shall pay, by way of penalty, a sum of one hundred rupees for every day during which the failure continues.

It is proposed to amend the aforesaid section so as to provide that if a person who is required to furnish an annual information return under sub-section (*1*) of section 285BA, fails to furnish such return within the time prescribed under sub-section (*2*) thereof, the income-tax authority prescribed under the said sub-section (*1*) may direct that such person shall pay, by way of penalty, a sum of one hundred rupees for every day during which such failure continues.

It is further proposed to provide that where such person fails to furnish the return within the period specified in the notice issued under sub-section (*5*) of section 285BA, he shall pay, by way of penalty, a sum of five hundred rupees for every day during which the failure continues, beginning from the day immediately following the day on which the time specified in such notice for furnishing the return expires.

This amendment will take effect from 1st April, 2014.

Clause 49 of the Bill seeks to amend section 295 of the Income-tax Act relating to power to make rules.

The existing provisions of section 295 provide that Board may, subject to the control of the Central Government, by notification in the Gazette of India, may make rules for carrying out the purposes of the Act. Sub-section (*2*) of the said section lists out the matters in respect of which the rules may be made.

It is proposed to insert a new clause (*ee*) after renumbering the existing clause (*ee*) as (*e*) to provide that the rules may be made with regard to the matters specified in Chapter XA.

It is further proposed to insert clause (*eed*) to provide that the rules may also be made to provide for remuneration of the Chairperson and members of the Approving Panel under sub-section (*18*) and procedure and manner for constitution of, functioning and disposal of references by the Approving Panel under sub-section (*21*) of section 144BA.

These amendments will take effect from 1st April, 2016.

Clause 50 of the Bill seeks to amend Part A of the Fourth Schedule to the Income-tax Act relating to recognised provident funds.

Rule 3 in Part A of the Fourth Schedule provides that the Chief Commissioner or Commissioner may accord recognition to any provident fund which, in his opinion, satisfies the conditions specified under rule 4 of Part A of the said Fourth Schedule and any other conditions, which the Board may specify by rules.

The first proviso to sub-rule (*1*) of the said rule 3 provides that in a case where recognition has been accorded to any provident fund on or before 31st March, 2006 and such provident fund does not satisfy the conditions set out in clause (*ea*) of said rule 4, and any other conditions which the Board may specify by rules in this behalf, the recognition to such fund shall be withdrawn, if the fund does not satisfy the conditions on or before 31st March, 2013.

It is proposed to amend the said proviso to sub-rule (*1*), so as to extend the said time limit up to 31st March, 2014.

This amendment will take effect retrospectively from 1st April, 2013.

Wealth-tax

Clause 51 seeks to amend section 2 of the Wealth-tax Act relating to definitions.

The provisions contained in clause (*ea*) of section 2 define the term 'assets'. Sub-clause (*v*) of the said clause (*ea*) includes 'urban land' in the definition of the term 'assets'. Clause (*b*) of *Explanation* 1 to the said clause (*ea*) defines the term 'urban land'.

It is proposed to amend clause (*b*) of *Explanation* 1 to clause (*ea*) of section 2 so as to provide that land situated in any area within the distance, measured aerially, (*I*) not being more than two kilometres, from the local limits of any municipality or cantonment board referred to in clause (*i*) and which has a population of more than ten thousand but not exceeding one lakh; or (*II*) not being more than six kilometres, from the local limits of any municipality or cantonment board referred to in clause (*i*) and which has a population of more than one lakh but not exceeding ten lakh; or (*III*) not being more than eight kilometres, from the local limits of any municipality or cantonment board referred to in clause (*i*) and which has a population of more than ten lakh shall be classified as urban land. An *Explanation* has been inserted to clarify the expression "population".

This amendment will take effect from 1st April, 2014, and will, accordingly, apply in relation to Assessment Year 2014-15 and subsequent assessment years.

Clause 52 of the Bill seeks to insert new sections 14A and 14B in the Wealth-tax Act relating to rule making power of the Board.

It is proposed to insert a new section 14A so as to provide that the Board may make rules providing for a class or classes of persons who may not be required to furnish documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents, which are otherwise under any other provisions of this Act, except section 14B, required to be furnished, along with the return of wealth but on demand to be produced before the Assessing Officer.

It is further proposed to insert a new section 14B so as to provide that the Board may make rules providing for class or classes of persons who shall be required to furnish the return in electronic form; the form and the manner in which the return in electronic form may be furnished; the documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents which may not be furnished along with the return in electronic form but shall be produced before the Assessing Officer on demand; the computer resource or the electronic record to which the return in electronic form may be transmitted.

Consequentially, it is proposed to insert new clauses (*ba*) and (*bb*) in sub-section (*2*) of section 46 which provides for rule making powers of the Board.

These amendments will take effect from 1st June, 2013.

Clause 53 of the Bill seeks to amend section 46 of the Wealth-tax Act relating to power of the Board to make rules.

It is proposed to insert new clauses (*ba*) and (*bb*) in sub-section (*2*) of the said section which are consequent to insertion of sections 14A and 14B giving certain rule making powers to the Board.

This amendment will take effect from 1st June, 2013.

Customs

Clause 54 seeks to amend clause (*n*) of sub-section (*2*) of section 11 to include designs and geographical indications along with patents, trademarks and copyrights to enable the Central Government to prohibit either absolutely or conditionally the import or export of goods to protect these legal rights.

Clause 55 seeks to amend section 27 to provide that if the amount of claim is less than rupees one hundred, the same shall not be refunded.

Clause 56 seeks to amend sub-section (*1*) of section 28 to provide that the proper officer shall not serve a show cause notice, where the amount involved is less than rupees one hundred.

Clause 57 proposes to amend section 28BA to include notices issued under sub-section (*4*) of section 28, in addition to notices issued under sub-section (*1*) of section 28 for recovery of duties.

Clause 58 of the Bill seeks to substitute clause (*a*) of section 28E of the Customs Act, for the purpose of expanding the scope of activity of import or export so as to include any new business of import or export by an existing importer or exporter in order to enable such importer or exporter to seek advance ruling before the Authority for Advance Rulings.

Clause 59 proposes to amend section 29 to empower Board to allow landing of aircrafts and vessels at any place other than customs airports or customs ports.

Clause 60 proposes to amend section 30 to provide for electronic filing of import manifest and to insert a proviso that where this is not feasible, the Commissioner of Customs may allow the delivery of such manifest in any other manner.

Clause 61 proposes to amend sub-section (*1*) of section 41 to provide for electronic filing of export general manifest and to insert a proviso that where this is not feasible, the Commissioner of Customs may allow the delivery of such manifest in any other manner.

Clause 62 seeks to amend sub-section (*2*) of section 47 to reduce the interest free period for payment of customs duty from five days to two days.

Clause 63 seeks to amend section 49 to provide that goods may be permitted to be stored for a period not exceeding thirty days in a public warehouse and the private warehouse in the interest of accountability and early finalization of assessment and to insert a proviso that the Commissioner of Customs may extend the period of storage for a further period not exceeding thirty days at a time.

Clause 64 proposes to substitute clause (*a*) of sub-section (*1*) of section 69 to provide that any warehoused goods may be exported to a place outside India without payment of import duty if a shipping bill or bill of export in prescribed form or label or declaration accompanying the goods as referred to in section 82 has been presented in respect of such goods.

Clause 65 of the Bill seeks to substitute sub-section (*6*) of section 104 of the Customs Act with new sub-sections (*6*) and (*7*) so as to provide that notwithstanding anything contained in the Code of Criminal Procedure, 1973, an offence under section 135 and relating to evasion or attempted evasion of duty exceeding fifty lakh rupees, or prohibited goods notified under section 11 which are also notified under sub-clause (*C*) of clause (*i*) of sub-section (*1*) of section 135, or import or export of any goods which have not been declared in accordance with the provisions of the Act and the market price of which exceeds one crore rupees, or fraudulently availing of or attempt to avail of drawback or any exemption from duty provided under the Act, if the amount of drawback or exemption from duty exceeds fifty lakh rupees, shall be non-bailable and also to provide that all other offences under the Act shall be bailable.

Clause 66 of the Bill seeks to insert a new proviso after the second proviso in sub-section (*2A*) of section 129B of the Customs Act, so as to stipulate that on an application made by a party and on being satisfied that the delay in disposing of the appeal is not attributable to such party, the Appellate Tribunal shall have power to extend the period of stay to such further period, as it thinks fit, not exceeding one hundred and eighty-five days, and in case the appeal is not so disposed of within the total period of three hundred and sixty-five days from the date of order referred to in the first proviso, the stay order stands vacated.

Clause 67 seeks to amend section 129C of the Customs Act, with a view to enhance the monetary limit of the Single Bench of the Appellate Tribunal to hear and dispose of appeals from "ten lakhs rupees" to "fifty lakhs rupees".

Clause 68 of the Bill seeks to amend sub-clauses (*B*) and (*D*) of clause (*i*) of sub-section (*1*) of section135 of the Customs Act so as to increase the threshold limit for punishment with imprisonment up to seven years and with fine, from "thirty lakh" rupees to "fifty lakh" rupees.

Clause 69 of the Bill seeks to amend sub-section (*1*) of section 142 of the Customs Act, by inserting a new clause (*d*) therein to provide for recovery of any amount due to the Central Government. It provides that in case of dues of customs, the proper officer may require any person (third party) from whom the amount is due or may become due to the defaulter, to pay to the Central Government so much of the amount as is sufficient to pay the amount due.

Clause 70 seeks to omit section 143A since the same has become redundant as the export promotion schemes have undergone a complete change.

Clause 71 seeks to amend section 144 to provide that there shall be no liability of duty on any goods consumed as samples during testing or examination.

Clause 72 seeks to subsitute section 146 with new section 146 so as to substitute the words 'customs house agents' with the words 'customs brokers' considering the global practice and internationally accepted nomenclature.

Clause 73 seeks to amend clause (*b*) of sub-sections (*2*) and (*4*) respectively of section 146A which is of consequential nature in view of the amendment of section 146 and also to include any offence committed under the Finance Act, 1994 as a disqualification for person to act as an authorised representative in customs matters.

Clause 74 seeks to amend sub-section (*3*) of section 147 to provide that the agents are equally liable for any act or omission when the agent is expressly or impliedly authorised by the owner, importer or exporter of any goods to be his agent in respect of such goods for all or any of the purposes of the Act.

Clause 75 of the Bill seeks to amend the notification issued under sub-section (*1*) of section 25 of the Customs Act bearing number G.S.R. 153(E), dated the 1st March, 2011 in the manner specified in the Second Schedule so as to amend the said notification retrospectively to subsitute the entry in column (2) against Sl. No. 56 with the entry "7210, 7212" and to refund all such duty of customs which has been collected but which would not have been so collected had the notification been in force at all material times and an application for the claim of refund of duty of customs shall be made within six months from the date on which the Finance Bill, 2013 receives the assent of the President.

Customs Tariff

Clause 76 of the Bill seeks to amend the First Schedule to the Customs Tariff Act in the manner specified in the Third Schedule so as to,—

(*a*) incorporate changes in description of goods;

(*b*) to omit entries relating to certain tariff items;

(*c*) to revise the rate of customs duty on certain tariff items;

(*d*) omit a chapter note relating to classification of certain tariff items; and

(*e*) to insert a supplementary note after Sub-heading Note relating to certain tariff items.

Clause 77 of the Bill seeks to amend the Second Schedule to the Customs Tariff Act in the manner specified in the Fourth Schedule. Sub-clause (*a*) thereof seeks to substitute the entry under column (*2*) against Sl. No. 43 with retrospective effect with effect from the first day of March, 2011. Sub-clause (*b*) seeks to insert new entries 9A, 23A, 23B, 24A and 24B.

Excise

Clause 78 of the Bill seeks to amend section 9 of the Central Excise Act so as to increase the threshold limit of evasion, for punishment with imprisonment upto seven years and with fine, from "thirty lakh rupees" to "fifty lakh rupees".

Clause 79 of the Bill seeks to amend section 9A of the Central Excise Act—

(*i*) to substitute sub-section (*1*) so as to provide that offences under section 9, except the offences referred to in the proposed sub-section (*1A*), shall continue to be non-cognizable;

(*ii*) to insert new sub-section (*1A*) so as to provide that offences relating to excisable goods where the duty leviable on such goods exceeds fifty lakh rupees and punishable under clause (*b*) or clause (*bbbb*) of sub-section (*1*) of section 9 shall be cognizable and non-bailable.

Clause 80 of the Bill seeks to amend section 11 of the Central Excise Act, so as to provide for additional modes of recovery of the amount due to the Central Government.

Besides the existing mode of recovery, now it is proposed to provide that in case of dues of central excise, the Central Excise Officer may require any other officer of Central Excise or Customs to recover the amount due from such money which is payable to such person.

It is also proposed to provide for another mode of recovery so that a person (third party) from whom amount is due or may become due to the defaulter shall be required to pay to the Central Government so much amount as is sufficient to pay the arrears of revenue. Any of these two new modes of recovery can be used by the Central Excise Officer besides the existing modes of recovery.

Clause 81 of the Bill proposes to insert sub-section (*7A*) in section 11A with a view to provide that where a notice or notices have been served under sub-section (*1*) or sub-section (*3*) or sub-section (*4*) or sub-section (*5*), service of a statement of details of duty of excise not levied, or not paid or short levied or short paid or erroneously refunded, on the person chargeable with duty of excise, shall be deemed to be service of notice on such person if the grounds relied upon are the same.

Clause 82 of the Bill seeks to amend sub-section (*1*) of section 11DDA of the Central Excise Act, so as to align the same with section 11A.

Clause 83 of the Bill seeks to amend section 20 of the Central Excise Act so as to make the provisions applicable only to offence which is non-cognizable.

Clause 84 of the Bill seeks to amend clause (*a*) and clause (*b*) of the proviso to sub-section (*2*) of section 21 of the Central Excise Act so as to make the provisions regarding release of arrested person on bail or on personal bond applicable only to an offence which is non-cognizable.

Clause 85 of the Bill seeks to substitute clause (*a*) of section 23A of the Central Excise Act, for the purpose of expanding the scope of activity of production or manufacture so as to include any new business of production or manufacture by the existing producer or manufacturer in order to enable such producer or manufacturer to seek advance ruling before the Authority for Advance Rulings.

Clause 86 of the Bill seeks to amend clause (*e*) of sub-section (*2*) of section 23C of the Central Excise Act, so as to extend the Advance Ruling provisions also to the admissibility of the credit of service tax paid or deemed to have been paid on input service used in the manufacture of the excisable goods.

Clause 87 of the Bill seeks to amend sub-section (*1*) of section 23F of the Central Excise Act, so as to substitute the word, figures and letter "section 28-I", with the word, figures and letter "section 23D".

Clause 88 of the Bill seeks to insert a new proviso after the second proviso in sub-section (*2A*) of section 35C of the Central Excise Act, so as to stipulate that on an application made by a party and on being satisfied that the delay in disposing of the appeal is not attributable to such party, the Appellate Tribunal shall have the power to extend the period of stay to such further period, as it thinks fit, not exceeding one hundred and eighty-five days, and in case the appeal is not so disposed of within the total period of three hundred and sixty-five days from the date of order referred to in the first proviso, the stay order stands vacated.

Clause 89 seeks to amend section 35D of the Central Excise Act, with a view to enhance the monetary limit of the Single Bench of the Appellate Tribunal to hear and dispose of appeals from "ten lakh rupees" to "fifty lakh rupees".

Clause 90 of the Bill seeks to amend clause (*a*) of sub-section (*1*) of section 37C of the Central Excise Act, so as to specify additional modes of service of specified documents. These modes are speed post with proof of delivery or by courier as approved by the Central Board of Excise and Customs constituted under the Central Boards of Revenue Act, 1963.

Sub-clause (*ii*) of said clause proposes to make consequential amendments in sub-section (*2*) of section 37C.

Clause 91 of the Bill seeks to amend the Third Schedule to the Central Excise Act so as to insert a new entry 31A relating to medicaments used in Ayurveda, Unani, Siddha, Homoeopathic or Bio-chemic systems and to subsitute the entry "7615 10 11" for the existing entry "7615 19 10" in column (*2*) against Sl. No. 64 in the manner specified in the Fifth Schedule.

Central Excise Tariff

Clause 92 of the Bill seeks to amend the First Schedule to the Central Excise Tariff Act in the manner specified in Sixth Schedule so as to,—

(a) incorporate changes in the description of goods;

(b) to omit entries relating to certain tariff items;

(c) revise tariff rates in respect of certain tariff items.

Service Tax

Clause 93 seeks to amend Chapter V of the Finance Act, 1994 relating to service tax in the following manner, namely:—

Sub-clause (*A*) seeks to amend section 65B of the said Act, so as to modify the scope of certain services.

Sub-clause (*B*) seeks to omit *Explanation* to section 66B of the said Chapter inserted by issuing a notification under sub-section (*1-I*) of section 95 thereof since a new section 66BA is being inserted to the same effect.

Sub-clause (*C*) seeks to insert a new section 66BA in the said Chapter, so as to clarify that reference to section 66 in the Act or any other Act for the time being in force shall be construed as reference to the provisions of section 66B. This sub-clause shall come into effect retrospectively with effect from the 1st day of July, 2012.

Sub-clause (*D*) seeks to omit the word 'seed' from sub-clause (*i*) of clause (*d*) of the section 66D so as to modify the scope of the service.

Sub-clause (*E*) seeks to insert a new sub-section (*2A*) in section 73 with a view to save the notices issued for extended period under the proviso to sub-section (*1*), in cases where any appellate authority or tribunal or court decides that such notices are not sustainable on the grounds specified therein. Such notices shall be deemed to have been issued under sub-section (*1*) for invoking normal limitation.

Sub-clause (*F*) seeks to amend clause (*a*) of sub-section (*1*) of section 77, to restrict the maximum penalty for failure to take registration, to rupees ten thousand.

Sub-clause (*G*) seeks to insert a new section 78A, so as to impose penalty, which may extend up to one lakh rupees, on director, manager, secretary or other officer of the company for knowingly involved in the contraventions specified therein.

Sub-clause (*H*) seeks to amend section 83 so as to substitute the figure and letter "9A" with the words, brackets, figures and letter "sub-section (*2*) of section 9A" with the view to apply only sub-clause (*2*) of section 9A of the Central Excise Act, 1944 to service tax.

Sub-clause (*I*) seeks to amend sub-section (5) of section 86 of the said Chapter to empower the tribunal to condone the delay in filing appeal or cross objection by the assessee also.

Sub-clause (*J*) seeks to substitute clauses (*i*) and (*ii*) of sub-section (*1*) of section 89 so as to provide that—

(*i*) in the case of an offence specified in clauses (*a*), (*b*) and (*c*) of sub-section (*1*)

where the amount exceeds fifty lakh rupees, the punishment shall be imprisonment for a term which may extend to three years, but shall not, in any case, be less than six months;

(*ii*) in the case of an offence specified in clause (*d*) of sub-section (*1*) where the amount exceeds fifty lakh rupees, the punishment shall be imprisonment for a term which may extend to seven years, but shall not, in any case, be less than six months;

(*iii*) in the case of any other offence, the punishment shall be imprisonment for a term which may extend to one year.

It further seeks to substitute sub-section (*2*) thereof so as to provide that a person convicted of an offence punishable under clauses (*i*) and (*iii*) shall be punished for every second and subsequent offence with imprisonment for a term which may extend to three years and in the case of an offence punishable under clause (*ii*), shall be punished for every second and subsequent offence with imprisonment for a term which may extend to seven years.

Sub-clause (*K*) seeks to insert new sections 90 and 91.

The proposed section 90 seeks to provide that an offence under clause (*ii*) of sub-section (*1*) of section 89 shall be cognizable and all other offences shall be non-cognizable and bailable.

The proposed section 91 seeks to provide for power to arrest. It seeks to empower the Commissioner of Central Excise, to authorise any officer of Central Excise not below the rank of Superintendent of Central Excise, to arrest a person for the offences specified in clause (*i*) or clause (*ii*) of sub-section (*1*) of section 89.

It further seeks to empower the Assistant Commissioner or the Deputy Commissioner to release the person so arrested on bail in case of non-cognizable and bailable offences, and for this purpose, he shall have the same power as that of an officer-in-charge of a police station and shall be subject to provisions under section 436 of the Code of Criminal Procedure, 1973.

It also seeks to provide that the arrests so made shall be carried out in accordance with the provisions of the Code of Criminal Procedure, 1973, relating to arrests.

Sub-clause (*L*) seeks to amend section 95 so as to empower the Central Government to issue orders for removal of difficulty in case of certain provisions inserted by the proposed amendments in this Chapter, up to one year from the date of commencement of the Finance Bill, 2013.

Sub-clause (*M*) seeks to insert new section to provide exemption from service tax to the extent notices have been issued upto the 28th February, 2013 under section 73, in respect of taxable services provided by the Indian Railways during the period prior to the 1st day of July, 2012.

Chapter VI containing clauses 94 to 104 provides for the Service Tax Voluntary Compliance Encouragement Scheme, 2013.

The Scheme is a one-time measure to encourage voluntary compliance by persons who may not have filed the returns or paid the service tax dues for the period commencing from 1st October, 2007 and ending on 31st December, 2012. It provides that such persons shall declare the tax dues and pay the same in accordance with the provisions of the Scheme. It further provides for certain immunities including penalty, interest or any other proceeding under the Chapter V of the Finance Act, 1994 to those persons who opt for the Scheme.

Chapter VII of the Bill seeks to provide for levy, collection and recovery of Commodities Transaction Tax.

Clause 106 of the Bill seeks to define certain terms and expressions used in this Chapter.

Clause 107 of the Bill seeks to make a provision for the charging of a tax called commodities transaction tax at the rate of 0.01 per cent. in case of sale of commodity derivatives in respect of commodities other than agricultural commodities traded in recognised associations.

Clause 108 of the Bill provides the manner of computing the value of a taxable commodities transaction. The value of a taxable commodities transaction, in the case of sale of commodity derivative, shall be the price at which the commodity derivative is traded.

Clause 109 of the Bill provides for collection and recovery of commodities transaction tax by a recognised association from the seller. The amount of commodities transaction tax collected by the recognised associations has to be paid to the credit of the Government by 7th day of the month following the month in which the commodities transaction tax is collected.

Sub-clause (*1*) of clause 110 of the Bill provides for furnishing, by recognised associations (assessee) responsible for collection of commodities transaction tax, of a return in the prescribed form and prescribed manner and setting-forth such particulars as may be prescribed in respect of all taxable commodities transactions entered into during a financial year in that association.

Sub-clause (*2*) confers power on the Assessing Officer to issue notice requiring any assessee who has not furnished the return, to furnish such return within such time as may be specified in the notice.

Sub-clause (*3*) provides for furnishing of revised return before the assessment is made, in case of discovery of any omission or wrong statement in the return earlier furnished.

Clause 111 of the Bill contains provisions relating to assessment of the value of taxable commodities transactions and commodities transaction tax payable or refundable on the basis of such assessment. It also provides that no assessment shall be made after the expiry of two years from the end of the relevant financial year.

Clause 112 of the Bill provides for rectification of mistakes apparent from the record of any order passed by the Assessing Officer within one year from the end of the financial year in which the order sought to be amended was passed. The Assessing Officer may rectify mistakes either *suo motu* or at the instance of the assessee. Further, any amendment which has the effect of enhancing an assessment or reducing a refund or otherwise increasing the liability of the assessee shall be made only after giving the assessee a reasonable opportunity of being heard.

Clause 113 of the Bill provides for payment of simple interest at the rate of one per cent. for every month or part of a month where the commodities transaction tax collected is not credited to the account of the Central Government within the period specified in the said clause.

Clause 114 of the Bill provides for imposition of penalty on the assessee responsible to collect transaction tax. The penalty would be a sum equal to the amount of commodities transaction tax not collected in a case where the assessee fails to collect the whole or any part of commodities transaction tax. In other cases, such penalty imposed will be one thousand rupees for every such failure. However, the penalty imposable under this clause shall not exceed the amount of commodity transaction tax that was to be paid.

Clause 115 of the Bill provides for penalty for failure to furnish return under clause 110. The penalty in such cases will be one hundred rupees for every day during which the failure continues.

Clause 116 of the Bill provides that any person, who fails to comply with notice issued under sub-clause (1) of clause 111, shall be liable to pay, by way of penalty, in addition to any commodities transaction tax and interest, a sum equal to ten thousand rupees for each failure.

Clause 117 of the Bill provides that no penalty will be imposable under clause 114, clause 115 or clause 116, if the assessee proves that there was reasonable cause for the failure to comply with the provisions of the said clause.

It is further proposed that no order imposing a penalty under this Chapter shall be made unless the assessee has been given a reasonable opportunity of being heard.

Clause 118 of the Bill provides that sections 120, 131, 133A, 156, 178, 220 to 227, 229, 232, 260A, 261, 262, 265 to 269, 278B, 282 and 288 to 293 of the Income-tax Act, 1961 which, *inter alia,* relate to issue of notice of demand, recovery and collection of tax, appeals to High Courts and the Supreme Court, appearance of authorised representatives, etc., will so far as may be, apply in relation to commodities transaction tax.

Clause 119 of the Bill provides for an appeal to the Commissioner of Income-tax (Appeals) when the assessee denies his liability to be assessed under this Chapter or against any order passed under clause 111 or clause 112 by an Assessing Officer. This clause also contains provisions relating to time for filing appeal, etc., and provides that provisions of sections 249 to 251 of the Income-tax Act, 1961, shall as far as may be, apply in such cases.

Clause 120 of the Bill provides for appeal to the Appellate Tribunal against order passed by Commissioner of Income-tax (Appeals) under clause 119. This clause contains provisions relating to time and procedure for filing appeal before the Appellate Tribunal. This clause also provides that where an appeal has been filed under this clause, the provisions of sections 252 to 255 of the Income-tax Act, 1961 shall, as far as may be, apply to such appeals.

Clause 121 of the Bill provides for punishment, by way of imprisonment upto a period of three years and with fine, for making any statement in any verification, account or statement which is false. This clause also provides that an offence punishable under this clause shall be deemed to be non-cognisable within the meaning of the Code of Criminal Procedure, 1973.

Clause 122 of the Bill provides that no prosecution shall be instituted for an offence under clause 121 except with the prior sanction of the Chief Commissioner of Income-tax.

Clause 123 of the Bill confers power on the Central Government to make rules for the purposes of carrying out the provisions of this Chapter. This clause also provides that every rule made under this clause shall be laid before each House of Parliament.

Clause 124 of the Bill confers power on the Central Government to issue orders for removal of any difficulty arising in giving effect to the provisions of this Chapter. This power is available to the Central Government for a period of two years from the date on which the provisions of this Chapter come into force. Every order made under this clause shall be laid before each House of Parliament.

This amendment will take effect from the date appointed in the notification to be issued by the Central Government.

Miscellaneous

Clause 125 of the Bill seeks to amend section 98 of the Finance (No. 2) Act, 2004 relating to charge of securities transaction tax. It is proposed to amend the Table given under the said section which specifies the rates at which the securities transaction tax shall be charged.

The proposed amendments seek to reduce the rates of securities transaction tax from 0.1 per cent. to zero per cent. in respect of the purchase of units of an equity oriented fund entered into in a recognised stock exchange where the contract for the purchase of such unit is settled by actual delivery. It is further proposed to insert a new serial number 2A and the entries relating thereto, so as to reduce the rate of securities transaction tax from 0.1 per cent. to 0.001 per cent. in respect of the taxable securities transaction of sale of unit of an equity oriented fund of the nature referred to under column (*2*) of the said Table. It is also proposed

to reduce the rate of securities transaction tax from 0.017 per cent. to 0.01 per cent. in respect of taxable securities transactions of derivatives of the nature referred to under the said column (*2*), in item (c), against serial number 4. It is also proposed to reduce the rate of securities transaction tax from 0.25 per cent. to 0.001 per cent. in respect of taxable securities transactions of the units of equity oriented fund of the nature referred to under column (*2*) against serial number 5.

This amendment will take effect from 1st June, 2013.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 24 of the Bill seeks to insert a new Chapter X-A in the Income-tax Act, 1961, relating to General Anti-Avoidance Rule. This clause seeks to insert new sections 95 to 102 in the Income-tax Act. Section 101 of the aforesaid Chapter seeks to provide that the provisions of the said Chapter shall be applied in accordance with such guidelines and subject to such conditions as may be prescribed by rules. It is proposed to empower the Board to make rules relating to guidelines and conditions for the application of the provisions of the said Chapter.

Clause 30 of the Bill seeks to insert a new Chapter XII-EA to provide for special provisions relating to tax on distributed income by securitisation trusts. This clause seeks to insert new sections 115TA to 115TC. The said clause 30 seeks to insert a new section 115TA to provide for tax on distributed income to investors. Sub-section (3) of the said section proposes to confer power on the Board to make rules in respect of the form, manner of furnishing the statement, giving the details of the amount of income distributed to investors during the previous year, the tax paid thereon and such other relevant details to the income-tax Authority.

The *Explanation* to new section 115TC seeks to define various terms specified therein. Clause (d) of the said *Explanation* defines the term "securitisation trust". It is proposed to confer power on the Board to make rules in respect of the conditions to be fulfilled by a trust, being a special purpose distinct entity or Special Purpose Vehicle, to mean a securitisation trust.

Clause 35 of the Bill seeks to insert a new section 144BA which provides for making of reference to the Commissioner, wherever the Assessing Officer considers it necessary to declare an arrangement as an impermissible avoidance arrangement and to determine the consequence of such an arrangement within the meaning of Chapter X-A. Sub-section (18) of the section 144BA seeks to confer power on the Board to make rules in respect of remuneration to be paid to the Chairperson and members of the Approving Panel. Sub-section (21) of section 144BA empowers the Board to make rules for the purposes of constitution and efficient functioning of the Approving Panel and expeditious disposal of references received by it.

Clause 52 of the Bill seeks to insert new sections 14A and 14B in the Wealth-tax Act, 1957. Section 14A proposes to confer power on the Board to make rules providing for a class or classes of persons who may not be required to furnish along with the return documents, statements, receipts, audit reports, etc. (which are otherwise required under any other provisions of the Wealth-tax Act) to be produced before the Assessing Officer. Section 14B of the said Act seeks to confer power on the Board to make rules to provide for various matters, such as, the class or classes of persons who shall be required to furnish the return in electronic form; the form and the manner in which the return in electronic form may be furnished; the documents, statements, receipts, certificates, audit reports, reports of registered valuer or any other documents which may not be furnished along with the return in electronic form and the computer resource or electronic record to which such return may be transmitted under section 14B.

Sub-clause (L) of clause 93 of the Bill seeks to insert a new sub-section (1J) in section 95 of Chapter V of the Finance Act, 1994 relating to removal of difficulties. The proposed sub-section empowers the Central Government to issue an order to remove any difficulty that may arise in implementing the proposed legislation and such power shall be exercisable for a period of one year from the date of assent to the Bill.

Clause 103 of the Bill seeks to empower the Central Government to issue order to remove any difficulty that may arise in implementing the provisions of the Scheme and such power shall be exercisable for a period of two years from the date of coming into force of the Scheme.

Clause 104 of the Bill seeks to empower the Central Government to make rules to provide for (a) the form and the manner of making declaration under sub-clause (1) of clause 97; (b) the form and the manner of acknowledging the declaration under sub-clause (2) thereof; (c) the form and the manner of issuing acknowledgment of discharge of tax dues under sub-clause (7) thereof; (d) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules.

Chapter VII of the Bill seeks to introduce new clauses 105 to 124 to provide for levy, collection and recovery of commodities transaction tax, furnishing of returns, assessment procedure, powers of assessing officers, chargeability of interest, levy of penalty, institution of prosecution and filing of appeals, etc.

Clause 110 of the Bill seeks to provide for furnishing of return in respect of all taxable commodities transaction by every assessee. Sub-clause (1) of clause 110 proposes to empower the Board to make rules in respect of the form, manner, the time within which and the particulars required to be mentioned in the return which is to be delivered or cause to be delivered or furnished in respect of commodities transaction tax.

In sub-clause (3) of clause 111 of the Bill , it is proposed to empower the Board to make rules in respect of the time within which refund of the commodities transaction tax is to be made to the seller from whom the amount was collected.

Clause 119 of the Bill seeks to provide that an assessee aggrieved by any assessment order made by the Assessing Officer may appeal to the Commissioner of Income-tax (Appeals) within thirty days from the date of receipt of the order of the Assessing Officer. Sub-clause (2) of clause 119 of the Bill seeks to confer power on the Board to make rules in respect of form and manner in which appeals are to be filed before the Commissioner of Income-tax against the orders of the Assessing Officer.

Clause 120 of the Bill seeks to provide for appeals against the orders made by the Commissioner of Income tax to the Appellate Tribunal. It is proposed in sub-clause (4) of the said clause to confer power on the Board to make rules in respect of the form and the manner in which appeal may be filed against an order of the Commissioner of Income-tax to the Appellate Tribunal.

Clause 124 of the Bill seeks to empower the Central Government to issue an order for removal of any difficulty that may arise in giving effect to the provisions of the Chapter VII, not inconsistent with the provisions thereof. This power is available to Central Government for a period of two years from the date on which the provisions of this Chapter come into force. Every order made under this clause shall be laid before each House of Parliament.

The matters in respect of which notifications may be issued or rules may be made in accordance with the provisions of the Bill are matters of procedure and detail and it is not practicable to provide for them in the Bill itself.

The delegation of legislative power is, therefore, of a normal character.

T. K. VISWANATHAN
Secretary-General.

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The Finance Bill, 2013

(As introduced in Lok Sabha)

CORRIGENDA

Page No.	Column	Line(s) No.	For	Read
4	—	8, 9	'income payable as "advance tax" '	'amont payable as "advance tax" and surcharge'
10	—	11	"is"	"are"
23	—	1	"occuring"	"occurring"
32	—	4	"to"	"to the"
32	—	45	"persom"	"person"
43	—	34	"rupees"	"rupees but does not exceed ten crore rupees"
46	—	13	"on a"	"and surcharge on a"
58	2	31	"is"	"are"
60	1	40	"workman"	"workmen"
71	1	9	"assesser"	"assessee"
71	1	41	"has"	"his"
71	2	40	"sale of"	"sale of unit of"
72	1	41, 42	"and classes for person"	"or classes of persons"